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Minimum Wages Worldwide

An Ambitious Labor Market Institution?

Master Thesis

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Abstract

This paper provides a historical and cross-country analysis of minimum wage institutions worldwide. On the one hand, it documents both the gradual global diffusion of minimum wage policies and the substantial diversity of minimum wage systems, beyond the dominance of the single national minimum wage model. In particular, the paper highlights the heterogeneity of minimum wage designs, the variety of differentiation criteria and rate structures, and the large disparities in the frequency and regularity of minimum wage adjustments across countries. On the other hand, the paper identifies the main long-run trends in minimum wage levels, both in absolute terms and relative to national and labor income. The historical analysis reveals broad convergence trends in minimum wage-to-income ratios across most regions of the world, including a general upward trend in Eastern Europe. At the same time, many countries experienced substantial historical volatility in both real and relative minimum wage levels — with a few notable exceptions — highlighting the inherently dynamic nature of minimum wage policies.

Keywords: Minimum Wage Legislation, Income History, Comparative Economic History

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Introduction

Minimum wage policies are implemented in the vast majority of countries, across all levels of national income, under highly diverse economic structures, and within institutional contexts ranging from relatively liberalized economies to more state-centered forms of capitalism.

Yet, what is the purpose of minimum wage policies? What economic and political compromises do they reflect? Are minimum wages an effective instrument for increasing labor incomes, or merely a statutory mechanism whose effects are necessarily constrained by concerns over employment, informality, and firm performance? From a more critical perspective, minimum wages may also be viewed as a state-led substitute for collective bargaining — a form of labor market regulation that is structurally more centralized, cautious, and potentially less ambitious than those of strong worker organizations.

Nevertheless, behind the common term "minimum wage", do we always find the same institution? Do all minimum wage systems pursue the same objectives or address the same labor market issues? More fundamentally, what constitutes a minimum wage policy? Is it merely the adoption of a statutory wage floor, or does it require the construction of durable institutions capable of regulating wage dynamics over the long run? Indeed, most of the economic literature on minimum wages focuses on discrete increases in minimum wage levels, while the estimated effects of such reforms are likely to evolve — or even disappear — if these levels are not maintained over time. As a result, assessing the aggregate long-run effects of minimum wage policies since their introduction remains considerably more complex.

Minimum wage policies and collective bargaining may be viewed as two distinct models of labor income regulation within market economies. In both cases, wage regulation presupposes the existence of labor markets, although these institutions may also apply to publicly owned firms. Under statutory minimum wage systems, the state legally defines a universal wage floor below which employers cannot remunerate workers, often through procedures involving broader democratic and political processes. By contrast, under collective bargaining systems, wage levels are negotiated more locally — typically at the sectoral or industry level — by workers organized within unions and by employers' representatives. However, this distinction remains insufficient to capture the diversity of existing minimum wage institutions. Minimum wage policies are not merely legal provisions establishing wage floors but full-fledged institutions involving specific objectives, adjustment rules, enforcement mechanisms, and a variety of political and economic actors. They must continuously adapt to macroeconomic fluctuations, political shocks, and changes in labor market structures. Collective bargaining institutions face similar challenges and likewise depend on the evolving balance of power between workers, employers, and the state.

Although the outcomes of collective bargaining extend far beyond minimum wage provisions alone, minimum wage policies themselves cannot be reduced to simple lower bounds on wages. In many countries, minimum wage levels also serve as reference values for social contributions, social benefits, or broader administrative regulations. Moreover, like any legal labor regulation, minimum wage legislation formally applies only to declared employment relationships and may therefore influence both firms' and workers' incentives regarding formality. As a result, when a large share of employment remains informal, minimum wage policy may operate as a fundamentally different type of institution, involving distinct objectives, constraints, and implementation strategies. More generally, minimum wage policies are not all designed to pursue the same goals or implemented according to the same regulatory logic. At first sight, two broad rationales emerge: guaranteeing a minimum standard of living through labor income, or correcting labor market failures such as monopsony power and weak bargaining capacity. These different objectives are reflected in the institutional design of minimum wage systems and in the criteria used to determine minimum wage levels.

However, our understanding of the rationales underlying minimum wage policies remains limited both in geographical scope and historical depth. Why do countries adopt minimum wage policies? Under which economic and political conditions do these institutions emerge? To what extent has the design of minimum wage systems been shaped by political economy considerations? Addressing such questions first requires a systematic and unified overview of minimum wage institutions worldwide. Yet the relevant information — although essential — remains highly fragmented across countries and periods. A comprehensive perspective is therefore necessary both to study minimum wage institutions themselves and to assess their aggregate effects on labor market outcomes across countries and over time.

This paper contributes to this objective by providing a descriptive and historical analysis of minimum wage policies worldwide based on the construction of a new comprehensive dataset.

Data. Based on the definition of minimum wages provided by the International Labor Organization (ILO), I collect, for a large number of countries, the complete list of minimum wage rates and adjustments implemented since the introduction of the first minimum wage policy in each country. The dataset excludes minimum wage provisions established through collective bargaining agreements as well as public-sector pay scales. Data collection relies either on the legal instruments directly setting minimum wages or on comprehensive official minimum wage tables published by public institutions. Once collected, the data are harmonized through currency conversions, adjustments for working time, the construction of annual average minimum wage measures, and the computation of real minimum wage indicators and minimum wage-to-national

income and labor income ratios. When a given minimum wage rate remains unchanged across years, the corresponding adjustment is carried forward until the next official revision. In most cases, annual average minimum wages are computed as the unweighted average of all adjustments implemented within a given year. In a limited number of cases, however, annual averages are weighted using population weights, notably in the United States, Canada, Pakistan, and China. Overall, the database covers approximately 55% of all minimum wage rates and adjustments implemented since the introduction of minimum wage policies in each country, and around 70% for the post-1990 period.

Main Findings. First, this paper documents the gradual global diffusion of minimum wage policies. Today, more than 125 countries implement some form of minimum wage regulation, representing more than 60% of sovereign states and covering around 90% of the world population living in countries with minimum wage policies. This contrasts sharply with the situation at the beginning of the twentieth century, when only two countries — Australia and New Zealand — had already introduced minimum wage institutions.

Second, the paper highlights the considerable diversity of minimum wage design despite the dominance of single national minimum wage systems. Although around 45% of the countries in the dataset rely on a unique national minimum wage rate, 38 countries implement sectorally differentiated systems and 13 rely on regional differentiation. Additional forms of differentiation are also observed, notably based on age, skill level, occupation, or firm size. While most minimum wage systems remain relatively simple, some countries exhibit highly complex institutional arrangements, notably India and the Philippines, where regional authorities operate distinct minimum wage systems combining multiple differentiation criteria.

Third, the paper documents substantial heterogeneity in the frequency and regularity of minimum wage adjustments. The main finding is the dominance of annual revisions as the global standard. However, at both ends of the distribution, some countries experienced periods of extremely frequent adjustments — especially during episodes of high inflation — whereas others lacked sufficiently institutionalized adjustment mechanisms to revise minimum wages more than sporadically.

Fourth, beyond institutional design, minimum wage strategies and constraints are also reflected in the level at which minimum wages are set. While absolute minimum wage levels are, unsurprisingly, strongly positively associated with national income per capita, the minimum wage-to-national income ratio is slightly negatively correlated with income levels. This relationship is partly driven by a set of low-income African countries exhibiting comparatively high minimum wage ratios. Beyond these specific cases, however, substantial heterogeneity in minimum wage

levels remains observable at all income levels. Minimum wages are set at comparatively high levels in countries such as India, Pakistan, Kenya, South Korea, and several Western European countries, whereas they remain comparatively low in Russia, Nigeria, and relatively low in the United States, China, and Turkey. When minimum wages are compared to labor income rather than national income, the negative relationship with development levels becomes substantially more pronounced.

Fifth, these heterogeneous strategies are also reflected in the degree of within-country minimum wage differentiation. Among countries using multiple minimum wage rates, no standard level of dispersion emerges, and no systematic relationship appears with either the number of rates or national income levels, except that regional differentiation tends to generate comparatively limited variation in minimum wage levels.

Finally, the historical analysis reveals broad convergence trends in minimum wage-to-income ratios across most regions of the world, with notable exceptions in Africa and the Middle East and North Africa region. In Eastern Europe, minimum wage-to-national income ratios display a general upward trend over time. More generally, one of the central findings of the paper is the considerable historical volatility of both real and relative minimum wage levels. Many countries have successively experienced periods of both low and high minimum wage levels, highlighting the inherently dynamic nature of minimum wage policies.

Literature Review. This paper contributes to the literature on minimum wage policies, which has been extensively studied, especially since the seminal paper of Card and Krueger (1994). Since then, contrary to the long-standing tradition which predicted that a minimum wage set above the competition level will reduce employment, the literature since the 1990s suggests a minor impact on employment. The meta-analysis of Dube and Lindner (2024) estimated a median own-wage employment elasticity (observed percentage change in employment over the observed percentage change in wages) of -0.13 on a base of 72 published studies and of 0.02 (slight positive effect) excluding studies focusing on narrow subgroups (teens, specific sectors, etc.). While the core part of the literature focuses on employment effects using developed difference-in-difference style estimation strategies, there is also a growing literature on the various margins of adjustments (including awareness to non-compliance, migration effects, wage spillovers, productivity) (see Dube and Lindner (2024)). Besides, another key question regarding minimum wages is their effects on inequality: empirical studies on wage inequalities (DiNardo et al., 1996; Lee, 1999; Machin et al., 2003; Autor et al., 2016) suggest that higher minimum wages tend to reduce wage inequality by boosting wages of low-wage workers, not only mechanically but also through spillovers. However, effects on income inequalities are harder to assess (interactions with employment, informality,

transfers, etc.).

While much of the literature has focused on the United States and Europe, there are only a few countries whose minimum wage have not been studied at all. However, it rarely takes into account policy design. Studies on how these policies are set up and operate across institutional and economic settings are limited. Dickens (2015) offers an overall description of minimum wage-settings regimes but descriptive evidence on the historical evolution of minimum wage policies is still largely missing. One of the most comprehensive databases on minimum wages is the ILO minimum wage database but it only covers recent years (after 2008) and some specific rates of minimum wages, mostly in the manufacturing sector.

Structure. The first section documents the data collection process, discusses the definitional issues surrounding minimum wage policies, and presents the historical diffusion of minimum wage institutions. It also highlights the remaining challenges involved in constructing a fully comprehensive global database. The second section examines the diversity of minimum wage systems, both synchronically and diachronically. Finally, the third section explores the different strategies and constraints underlying minimum wage levels, considering both absolute and relative measures as well as their contemporary distribution and historical evolution.

1 Collecting and Harmonizing Comprehensive Minimum Wages Data

1.1 Collecting Minimum Wage Data

The objective of this dataset is to provide comprehensive information on minimum wages worldwide. The first manifest implication of this statement is to collect, not a single wage floor, not a relevant minimum wage rate per country and per year but the complete list of rates and adjustments set in a country since the introduction of the first minimum wage policy. Accordingly, hereafter, we will use the following lexical distinction: a "minimum wage rate" will refer to the synchronic dimension of the minimum wage while a "minimum wage adjustment" will refer to the diachronic dimension of the minimum wage. More concretely, by way of example, some minimum wages have several rates, depending on sector, region, etc. Conversely, historically, a minimum wage is supposed to have regular "adjustments". This distinction allows to avoid the equivocal term of "minimum wage" and to refer properly to complicated cases, where the number of rates evolves, some being adjusted, others not, some regularly adjusted, others irregularly, etc. Thus, a comprehensive dataset both includes all rates and all adjustments.

However, collecting minimum wages requires identifying minimum wages, especially compared to collective agreement and non-market institutions (public pay scales). According to the International Labor Organization (ILO), a minimum wage is "the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract" (International Labour Organization, 2026a). This definition disregards the method of fixing them and does not require any universality, making it hard to differentiate unequivocally from collective agreements. Indeed, many minimum wages contain exemptions or union negotiations and in some countries commonly characterized as relying exclusively on collective bargaining, legal provisions render such agreements universally binding (Finland, Norway for instance). Precisely, advocating the introduction of a minimum wage may be politically appealing for countries or elected officials and this makes the identification of minimum wages (and particularly their year of introduction) more challenging.

The clearer examples are New Zealand and Australia, well known as the first countries that introduced a minimum wage in 1894 and 1896 respectively. For instance, in Australia, 1896 corresponds to the Victorian Act that "set an overall minimum wage for any factory or work-room in the colony of 2 shillings and sixpence per week" (Hamilton, 2025) but only applied to the textile

industry. However, "it was the 7 shillings a day set in *Ex parte H.V. McKay* (known as the Harvester Decision) that became the basis of the Australian minimum wage system" in 1908 but this amount "only applied to the Harvester factory in Sunshine, outside Melbourne" and "the Harvester rate had little application until the 1920s" (Hamilton, 2025). Before 2009, it was not a national minimum wage but a "basic wage", the rate fixed by the Australian Industrial Relations Commission as a measure of a minimum standard of living. The then-prevailing minimum wage institutions are not readily distinguishable from highly regulated collective bargaining systems, such as those observed in Iceland today. It is only in 2009 with the *Fair Work Act* that the minimum wage in Australia is made independent of sectoral bargaining and covers all workers.

However, given the porous boundary between collective bargaining arrangements and statutory minimum wage policies, excluding collectively bargained wage floors from the database would risk misinterpretation and yield a distorted representation of wage-setting institutions. Moreover, some collective bargaining systems include legally universally binding extensions (Finland, Norway for instance) that make them very close to sectoral minimum wages. Nevertheless, the relationship between collective bargaining and the state is highly heterogeneous across countries, and in most cases governments intervene, in one way or another, to extend the coverage of collective agreements. For that reason, this dataset also tends to incorporate minimum wage rates set through collective bargaining where such arrangements exist (as it is in Norway for instance).

Definition issues arise also with non-market wage institutions, especially in socialist countries. Indeed, the modern minimum wage institution is generally thought of as a way to regulate workers' compensation in the labor market. In this context, it seems reasonable to exclude the minimum rate of public pay scales. However, this can be contradictory with the terminology used by some countries. For example, Cuba does refer to "el salario mínimo del país" (the country's minimum wage) to designate the lowest rate in the payscale but this rate is not supposed to apply to private firms. This case concerns also ex-USSR countries and some former socialist countries in Eastern and Central Europe.

Nevertheless, in this dataset, minimum wages—absent a clear-cut definition—are defined in accordance with the International Labor Organization (ILO) definition outlined above. It excludes public sector minimum wages and focuses on the private sector. Figure 1 documents the cross-country distribution of wage-setting regimes and shows that most countries have adopted a minimum wage policy today. The only countries still using only collective bargaining are the Scandinavian countries, Italy, Austria, Denmark, Iceland, Switzerland (though some cantons use a statutory minimum wage) and Zimbabwe. Finally, a few countries don't have any wage regulations for the private sector: Bahrain, Cuba, Eritrea, Ethiopia, Somalia and the United Arab Emirates.

Before collecting the entire adjustments history, the second preliminary information required

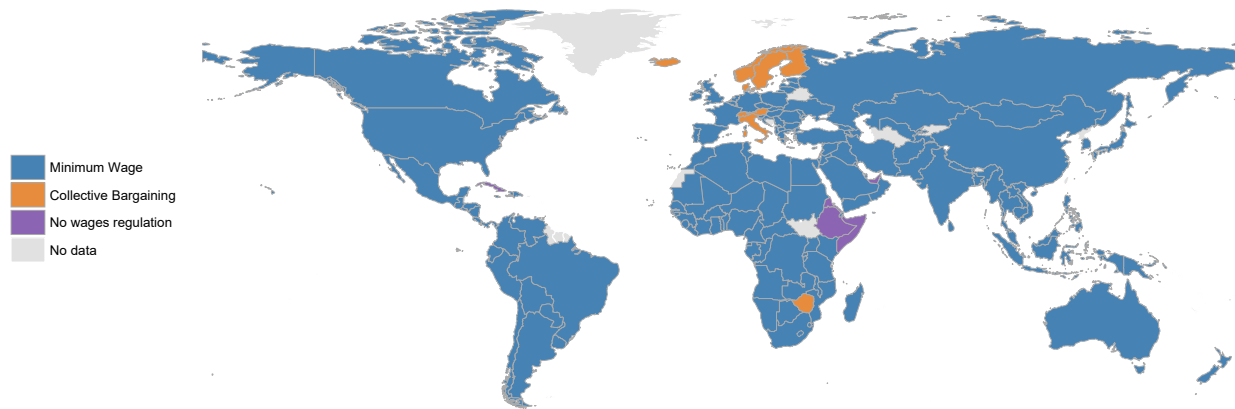


Figure 1. Wage Regulations Worldwide

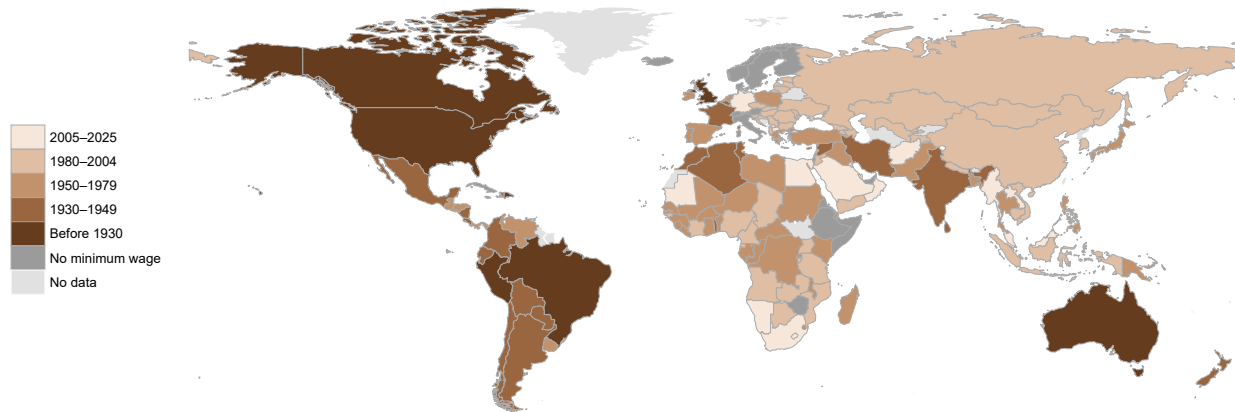


Figure 2. Year of Introduction of the First Minimum Wage Policy

is an introduction date for the minimum wage policy. As explained above, this information is not unambiguous. The case of New Zealand and Australia are not alone. Identifying reliable sources on the chronology of minimum wage policies is not easy since the economic literature focusing on specific countries sometimes only explore recent historical evolutions. Each country is a specific case and identifying an introduction date often requires a fairly detailed understanding of the country's economic and political history. For now, these introduction dates remain provisional and require further investigation. Only 31.94% of the introduction dates collected are considered as exact and definitive.

Figure 2 maps the introduction year of the first minimum wage policy in most countries. As previously explained, the countries well known to be the first to introduce minimum wage policies are New Zealand (1894) and Australia (1896). The United States (first state-level in 1912, first

federal minimum wage in 1938), Canada (1918) and the United Kingdom (1909) also introduced minimum wage policy early, as well as most Latin American countries, where, contrary to the United States, constitutions played a major positive role in establishing pay standards (Dube and Lindner, 2024). Western European countries have heterogeneous minimum wage history. A number of countries introduced minimum wage policy between the end of the Second World War and the 1970s: Luxembourg in 1945, France in 1950, Spain in 1963, the Netherlands in 1969, Portugal in 1974. In a number of cases, it seems to correspond to periods of political transition (the end of the War in Luxembourg or France, the democratization in Portugal, the Francoist developmentalist phase in Spain). Nevertheless, many countries remained reluctant to adopt statutory minimum wage policies, often reflecting opposition from well-organized unions. Some did not introduce a statutory minimum wage over this period, including Austria, Italy, Denmark, Norway, Sweden, and Finland. By contrast, Germany (2015) eventually (re)-implemented a statutory minimum wage. Similarly, the United Kingdom introduced a national minimum wage in 1999, after the abolition of the Wages Councils by the conservative government in 1993. In Africa, the introduction of minimum wage policy is often closely associated with colonial powers. In some cases, colonial administrations introduced minimum wages in colonies prior to their adoption in the metropole (Morocco in 1936, Tunisia in 1937, Togo in 1938), in other cases at the same time (Algeria in 1950) or just after (Mali in 1952, Ghana and Madagascar in 1958, Senegal in 1968). Last, many countries only introduced minimum wage policies after their independence (Benin in 1964, Burkina Faso in 1963) or recently (Angola in 1991, Cameroon in 1992, Ivory Coast in 1995, Mauritania in 2006). However, these introduction dates conceal very complex, diverse and local labor regulation history, given that the first minimum wage provisions were often implemented by local colonial administrations. In Asia, minimum wage policies start after the Second World War: in 1946 in Iran, after independence in 1948 in India and in 1951 in the Philippines, under the Democratic Party government in Turkey in 1951. Japan introduced a "Minimum Wage Law" in 1958 under the government of Nobusuke Kishi. In Pakistan, the introduction in 1961 of a minimum wage policy is part of the "Decade of Development" of the authoritarian presidency of Ayub Khan and this policy was carried forward by Bangladesh after independence in 1971. Two additional waves of minimum wage introductions can also be identified: the 1990s (South Korea in 1988, Indonesia in 1989, Azerbaijan, Kazakhstan, Uzbekistan and Tajikistan in 1992, China and Vietnam in 1993, Cambodia in 1997) and the 2010s (Hong Kong in 2011, Malaysia in 2013). In South Korea, the minimum wage was introduced during the liberalization reforms of the Roh Tae-woo government (1988-1993), following the end of the Democratic Justice Party's authoritarian rule. In China, the first national minimum wage regulations followed the expansion and formal recognition of the private sector in the wake of Deng Xiaoping's 1992 Southern Tour (Fang and Lin, 2015). Last, in Central and Eastern Europe, the main pattern is the adoption of minimum wage policy after the

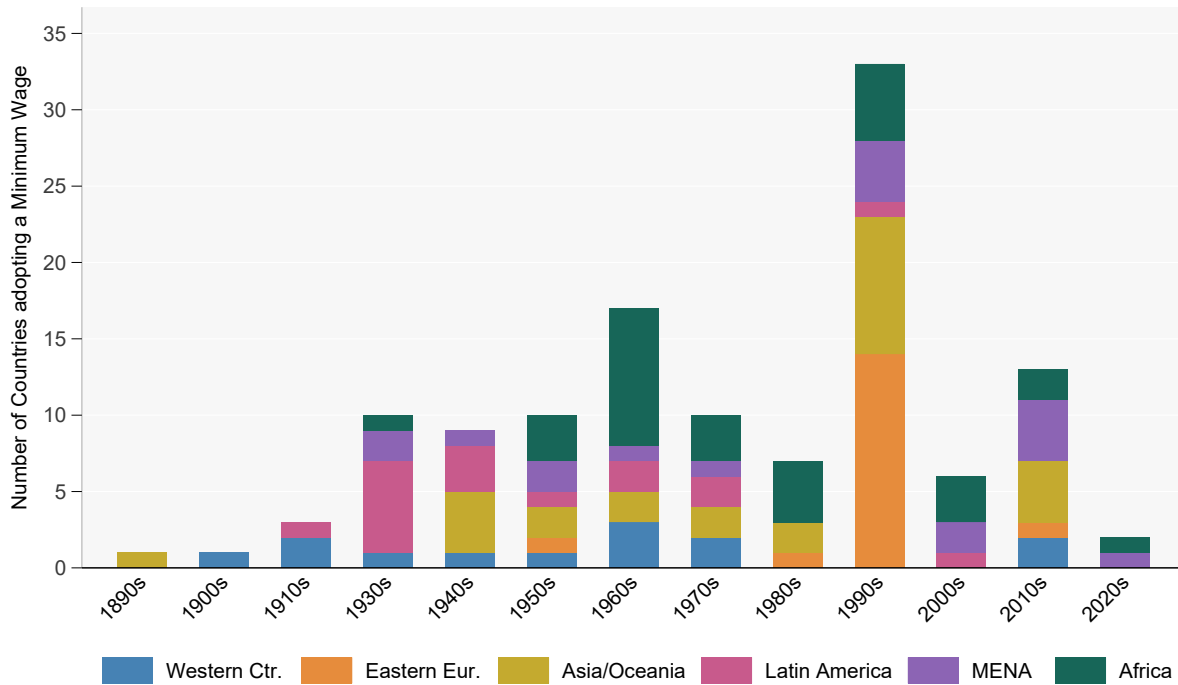


Figure 3. Chronology of Minimum Wage Introduction by Region

fall of the Soviet Union, under which there had been no statutory minimum wage in the private sector: Hungary adopted a minimum wage in 1989, Russia in 1990, the Czech Republic, Slovakia, Lithuania, Moldova, Slovenia, Ukraine, Romania in 1991. However, the transition from minimum wage provisions under socialism to statutory minimum wages for private firms appears to have been more gradual than abrupt. The case of Poland is a good example: the minimum wage in Poland is known to have been introduced in 1956 (Majchrowska and Strawinski, 2024). In fact, the "Orders of the Minister of Labor and Social Policy" defining the adjustment of the minimum wage in Poland don't explicitly exhibit a clear discontinuity between both regimes. Figure 3 summarizes these evolutions.

Before describing the data collection process, we briefly discuss the potentially substantial role of ILO in promoting minimum wage policies. Indeed, very early, many countries have ratified one or both ILO Conventions regarding minimum wages¹. Those convention derive from the goals identified in the ILO's Constitution: "the provision of an adequate living wage" and the issue of minimum wage was explored since the very first Conference of ILO. In the 1920s, the possibility of an international minimum wage was raised but abandoned in favor of a state-specific minimum wage. A research programme was launched and concluded in favor of the need for minimum

¹Figure in Appendix A.1.

wage to "promote industrial peace, increase the level of output and sustain employment levels" and can "help provide a measure of countervailing power in support of disorganized workers" (Rodgers, 2009). Hence the first Convention was adopted in 1928. The second Convention, mainly directed by experts from developing countries (while the 1928's Convention had been dominated by European countries), happens when the skepticism about minimum wages policies is much higher. In 1970, the new Convention is adopted but not without difficulty due to the need to balance the needs of the worker and the "economic considerations". Since then, the only country that decided to denounce the ILO's Convention on minimum wages is the United Kingdom in 1987 by the Thatcher Government. However, assessing the extent to which ILO conventions have been instrumental in the adoption of minimum wage policies requires further investigation.

Using the introduction dates, we can plot the expansion of minimum wage coverage. Figure 4 simply plots the cumulative number of countries having a minimum wage. Since the 1930s, the evolution is very linear, with the exception of the first half of the 1990s, when most ex-socialist countries in Eastern Europe introduced a minimum wage policy for the private sector. Figure 5 uses the yearly number of state from the State System Membership data from "The Correlates of War Project"² to plot the share of countries using a minimum wage. The overall picture changes: indeed, the process of decolonization, which precedes the adoption of minimum wage policies in most cases, may explain this sawtooth pattern between 1945 and the 1970s. Third, Figure 6 uses the yearly population by country from the World Population Prospects data from United Nations³ (the covered period starts in 1950) to plot the share of world population living in a country with a statutory minimum wage. Since 1950, the major shock is the introduction of the minimum wage in China in 1993.

Once the introduction date fixed, the main challenge was to collect all the minimum wage rates and adjustments over the covered period. To do so, the first step is to select reliable data sources. Actually, the main data sources are directly the legal instruments setting minimum wages, most of the time published through official legal databases, or, if they don't exist, the official gazette. Nevertheless, if official institutions already provide comprehensive tables about minimum wage adjustments historically, these had been used directly. However, for some countries, there doesn't exist centralized source of information on minimum wage adjustments and legal documents must be obtained separately from diverse sources: recent ones are sometimes published on the institutions' official social media accounts or private websites and the oldest one may be available on NATLEX, the database of ILO on national labor, social security and related human

²Data available at <https://correlatesofwar.org/data-sets/state-system-membership/>.

³Data available at <https://population.un.org/wpp/downloads?folder=Standard%5C%20Projections&group=Most%5C%20used>.

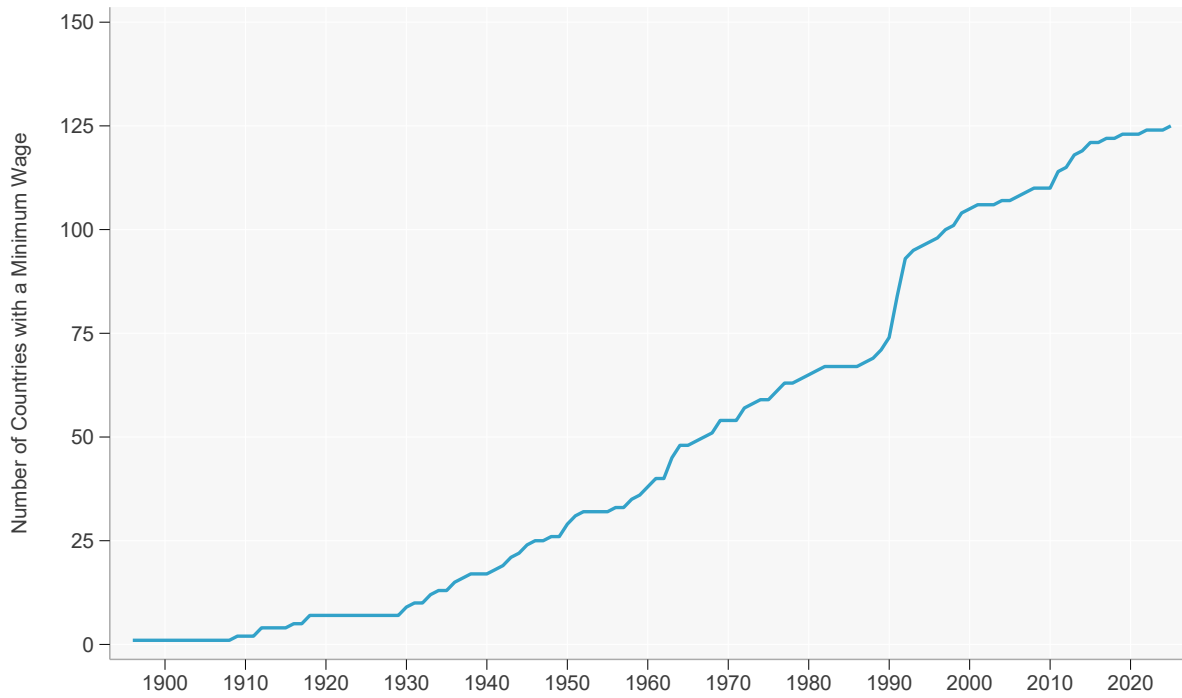


Figure 4. Number of Countries with a Statutory Minimum Wage

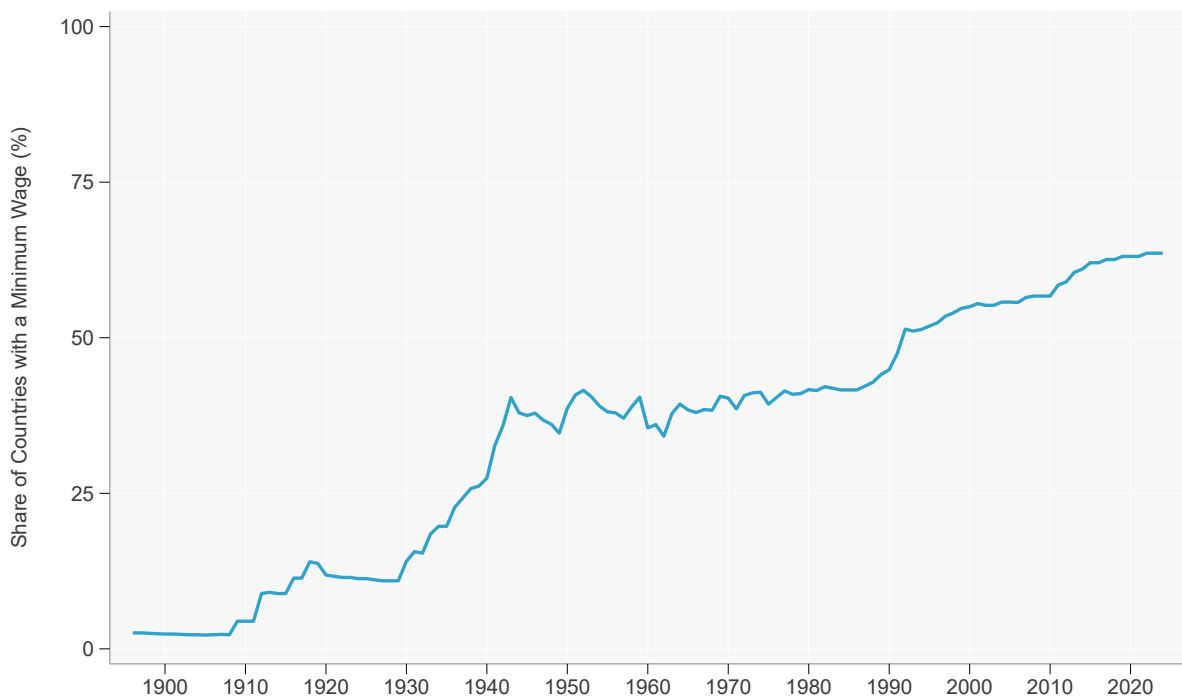


Figure 5. Share of Countries with a Statutory Minimum Wage

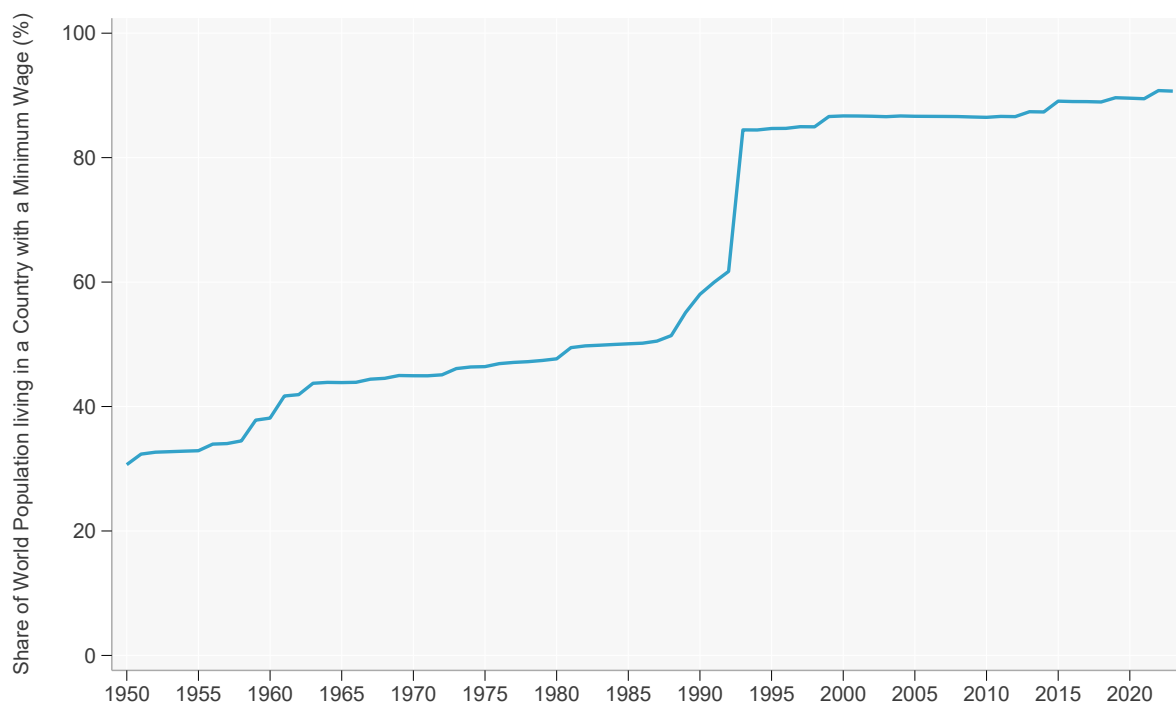


Figure 6. Share of World Population living in a Country with a Minimum Wage

rights legislation⁴. In addition, for some countries, data collection was only possible—or greatly facilitated—by relying on country-specific datasets assembled in previous studies. The main cases are state-level minimum wages in the United States, compiled by Cengiz et al. (2019), and in Brazil, compiled by Morgan and Souza (2025). In any case, the database provides a link towards the source and an uploaded copy of the legal document.

Except in those two cases, where the collection is constrained by the information covered by the respective authors, the aim was to collect the following data: the date of enforcement of the minimum wage adjustment⁵ and its level of accuracy (exact date, exact month and year or exact year only), the coverage of each specific rates, the standard working time associated (when specified directly in the legal document), the currency unit and the minimum wage rates for all available time units (hourly, daily, weekly, monthly, annual or piece rate). When conversion formula between time units are explicitly mentioned, we compute the corresponding rates. The information on the rate's coverage is classified according to one or several predefined categories: the covered region(s), subregion(s), the covered sector(s), subsector(s), workers' skill levels, occupations, working time(s), sizes of the firm, the ages of workers covered. Where available, we also collect the name of the

⁴<https://natlex.ilo.org/dyn/natlex2/r/natlex/fe/home>.

⁵Another key piece of information is whether each recorded adjustment has a subsequent adjustment. When this is the case, we define the "end date" as the date of the subsequent adjustment minus one day.

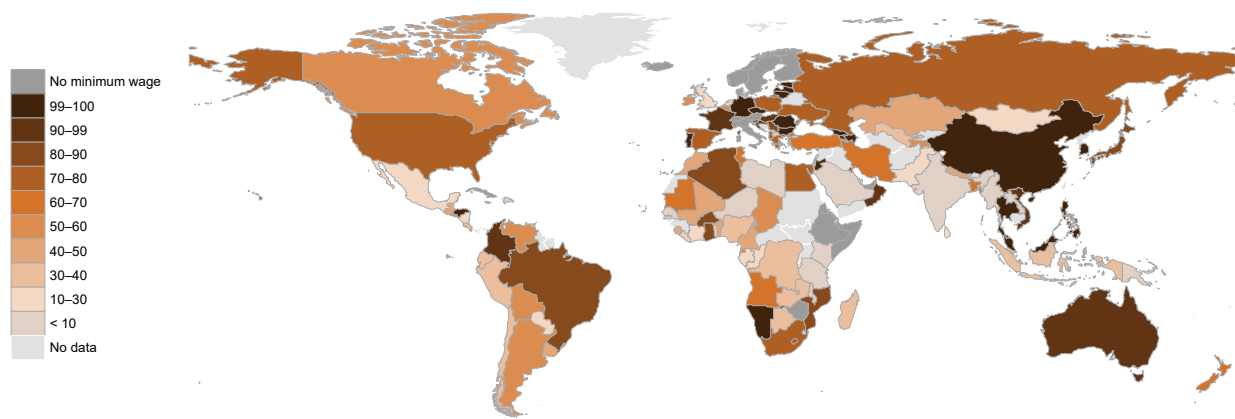


Figure 7. Percentage of Rates and Adjustments Collected since the Introduction of Minimum Wages in the Country

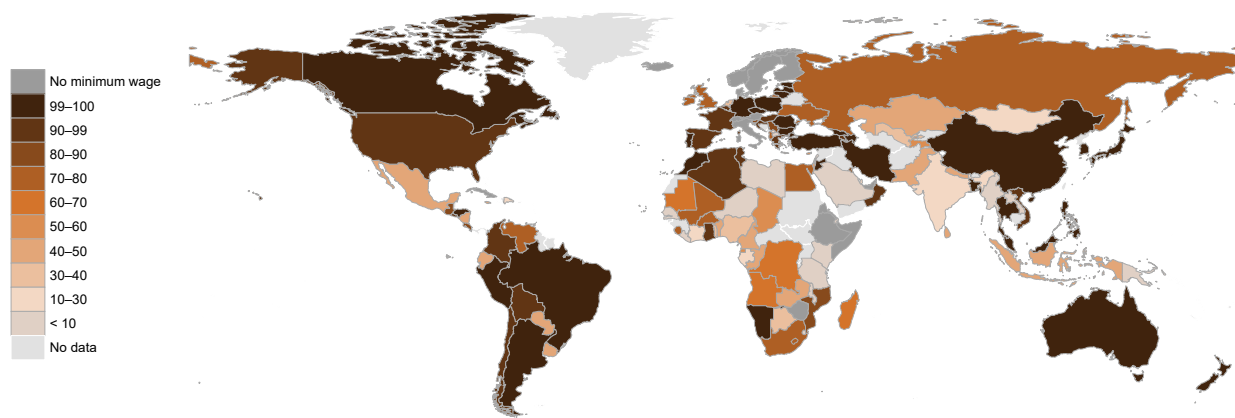


Figure 8. Percentage of Rates and Adjustments Collected since 1990

rate and whether it applies to the public sector.

Figure 7 maps the percentage of rates and adjustments collected for each country since the date of introduction of the policy. This percentage is computed using the first and last year collected, the number of intervening years missing and the share of rates collected⁶. Clearly, this percentage is an approximation given the uncertainty around the hybrid cases (between minimum wages and collective agreements).

However, if the final objective is to collect all the minimum wage rates since the respective introduction of the policy in each country, a first step was to collect the maximum number of

⁶As noted earlier, a rate is defined as the synchronic dimension of the minimum wage. For instance, in Indonesia, the dataset only includes the provincial rates and not the city and district level's rates, far less easy to identify and collect.

rates and adjustments since 1990. Hence the Figure 8, which maps the percentage of rates and adjustments collected for each country since 1990 (or the date of introduction of the policy if post-1990). Here, the approximation is probably better, given the historical simplification of minimum wage regimes. Further figures detailing the number of collected adjustments by countries are presented in Appendix A.1.

1.2 Harmonizing Minimum Wage Data

Comprehensiveness is one of the core objectives of the database. Hence, the key point was to faithfully capture institutional features of every minimum wage design. However, the database also aims to provide a comparative overview of minimum wage designs and levels. Data harmonization involves several steps, including currency conversion, adjustments for working time, the construction of annual average minimum wages, and the computation of real measures and ratios relative to macroeconomic variables.

First, we convert nominal minimum wages into the current national currency using the official conversion rate established at redenomination. This step is usually straightforward, except in some very specific cases. Second, we need to choose a standard time unit to compare minimum wage rates levels. There were two main options: opting for the hourly rates, a time unit often used by developed countries and sometimes recommended in policy design or simply using the most common time unit in the data. Indeed, an official monthly rate is available for 54% of the observations (compared to only 18% for hourly rates), hence the choice of this time unit as a benchmark. However, these conversions require assumptions on the working time to ensure comparability between countries. Since countries that use multiple time units necessarily account for the standard working time prevailing in their economy to define the ratio between the different time units, we adopt the same logic by using assumptions on the standard working time to compute the monthly rate. However, combined with the use of monthly rates, this assumption may bias minimum wage levels upward in countries with longer working hours. Thus, countries can be divided into two groups: those for which legal sources explicitly report the standard working time associated with the minimum wage, and those for which no such information is available. In the latter case, we rely on the prevailing statutory working time (weekly number of hours worked and daily number of hours worked). Third, we deal with a very specific issue that prevented comparability in Spain, Portugal and Greece, where the minimum wage is defined on a 14-month basis⁷.

⁷Following Eurostat computations, we simply multiply the minimum wage by 14/12. See https://ec.europa.eu/eurostat/cache/metadata/en/earn_minw_esms.htm

These harmonizations provide a database documenting comprehensively the minimum wage structure of a large number of countries, with all the adjustments and different rates the data collection could have obtained. A final substantial point concerns the time dimension of the dataset. Like most public policies, minimum wages have precise effective dates. However, the database is not constructed at a daily frequency (given the number of observations that would have been required). When a given rate remains unchanged across years, we extend the corresponding adjustment forward until the next official adjustment (when available), thereby creating observations for the intervening years. While it would be possible to treat observations as time intervals, for the sake of clarity and simplicity we instead treat each observation as a point in time. As a result, the dataset includes "artificial" observations without a specific effective date, corresponding to periods with no adjustment.

However, since most macroeconomic variables used in the analysis are available at an annual frequency, we also construct an annual minimum wage dataset. For comparability, we compute, for each country, an annual average rate. We detail below the computation:

On the one hand, contrary to other possible choices, the annual average rate is defined as the average of all the adjustments made within the year. As such, it should not be interpreted as the minimum wage prevailing at the beginning of the year—or at any specific date—nor as an average over all the days of the year. Nevertheless, for countries with a single minimum wage rate, it generally reflects the official nominal level of the minimum wage as adjusted this year⁸.

On the other hand, because many countries use several minimum wage rates, the annual average rate is defined as the unweighted average of all rates. Ideally, we should use weights depending on the number of workers covered by each rate but this would require additional data. The exceptions are detailed below:

- Some categories of rates are dropped (rates for young people, rates for apprentice, part-time and night work specific rates, rates for workers with disabilities)
- For some specific countries, federal minimum wage are not taken into account (United States, Canada) since they don't apply, higher regional floors making them irrelevant.
- In India, the data collection is very partial. As such, the average minimum wage only correspond to the state of Haryana and the unskilled workers.
- In Australia, the minimum wage rate corresponds, between 1968 and 1998, to the Metal Industry Award Victoria males minimum wage and, before 1968, to the Federal Basic Wage.
- In Japan, industry-specific minimum wages are not taken into account (due to collection

⁸the only exception is when the minimum wage is adjusted more than once a year

issues).

- When the minimum wage is heterogeneous across regions (United States⁹, China¹⁰, Canada¹¹, Pakistan¹²), we construct a weighted average across regions using the current population distribution across regions.

Similarly, we also compute an annual floor rate. Finally, to enable comparisons across years and countries, we compute real minimum wages, PPP-adjusted minimum wages, and ratios of the minimum wage to national income and labor income, using the macroeconomic variables compiled by World Inequality Database (2026).

1.3 The Data Today

To date, the database covers approximately 55% of minimum wage rates and adjustments since the introduction of minimum wage policies in each country,¹³ and about 70% since 1990. Despite this progress, substantial data collection challenges remain. The most significant gap concerns India: although we have collected around 22,000 observations, these cover only 4 of the country's 28 states. Pakistan and Bangladesh also remain major challenges. More generally, historical data are often not readily available online, and the most difficult cases require archival research, particularly in Africa and Latin America.

Second, although the literature has generally tended to treat minimum wage policies separately from other forms of wage regulation — such as collective bargaining agreements or pay scales — the database aims to progressively integrate information on collectively bargained wage floors. Some data have already been collected for countries such as Sweden and Finland. To date, the most comprehensive case is Norway, for which the database includes most legally extended minimum wage provisions since 2004¹⁴.

Third, the database currently remains limited in its ability to accurately describe the effective coverage of minimum wage policies across countries and periods. In particular, the identification of uncovered sectors and categories of workers requires further investigation.

On top of that, some additional information could be collected to more precisely describe minimum wage design across countries. The more important ones are the fixing authorities and

⁹using data from United States Census Bureau (2026)

¹⁰using data from National Bureau of Statistics of China (2026)

¹¹using data from Statistics Canada (2026)

¹²using data from Pakistan Bureau of Statistics (2026)

¹³This approximation is based on the introduction date, the number of years with available observations by country, and a manually assessed coverage rate.

¹⁴Details in Section 2.1.2

the indexation rules. In most countries, these features have undergone significant changes over time. Finally, another interesting element to collect could be the penalties for violating minimum wage laws. In some cases, these rules are thought to have played a substantial role in ensuring compliance with minimum wage regulations¹⁵.

¹⁵This hypothesis is raised, for instance, in Mayneris et al. (2018).

2 Documenting the diversity of minimum wage design

The current state of the data collection already makes it possible to precisely compare both minimum wage design and levels across countries and over time. Perhaps the most striking feature is the remarkable diversity of minimum wage systems, both across and within regions, and sometimes even within countries themselves. While around 45% of the collected countries rely on a single national minimum wage, the remaining countries exhibit substantial heterogeneity in terms of differentiation criteria, number of rates, and scale of enforcement (national versus decentralized systems).

2.1 A Synchronic Heterogeneity

Minimum wage systems vary considerably across several institutional dimensions, the main forms of heterogeneity being presented below.

2.1.1 A Centralized Institution ?

Before describing the kinds of criteria used to differentiate minimum wage rates, it is worth noting that minimum wage policy can be highly centralized or, conversely, highly decentralized. When it exists, the decentralization usually follows specific procedures, which vary substantially across countries. The case of the United States is well-known: the federal government establishes a national minimum wage floor, and states may unilaterally set their own minimum wage rates — including multiple rates — as long as they are not lower than the federal minimum wage. However, in other countries, subnational minimum wage setting is more tightly integrated into the national system. In China, the Central Government requires local authorities to consider several local economic indicators when determining minimum wages, including living costs, household composition, average earnings, labor productivity, unemployment, and regional economic development. In practice, provincial governments usually establish several minimum wage categories covering the entire province, from which cities and counties select the appropriate level according to local economic conditions and standards of living. In addition, the regulations specify that local minimum wages must not fall below 40 percent of the average wage in the corresponding locality. In India and Canada, the national policy only applies to some specific sectors, the "Central sphere" in India and in the federally regulated industries established by the Constitution in Canada. In

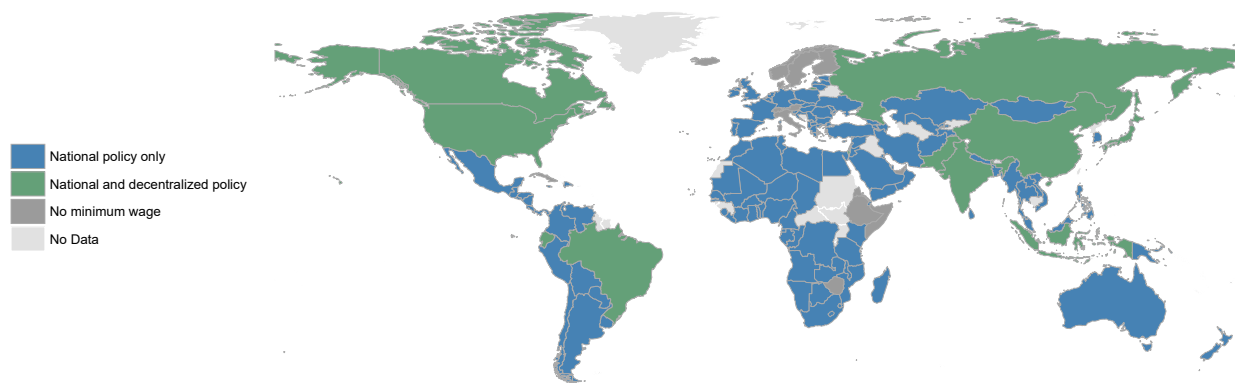


Figure 9. Scale of Minimum Wage Setting

Brazil and Russia, the national minimum wage continues to serve as the main reference rate but certain regions or cities are allowed, with more or less autonomy, to set higher minimum wages. Figure 9 presents the countries in which minimum wage setting includes a decentralized dimension. However, this is without accounting for collective bargaining institutions, often much more decentralized, which must be studied. Nevertheless, at first sight, it seems that statutory decentralized minimum wage policies are specifically but not surprisingly used by large countries.

2.1.2 Beyond National Minimum Wages: Persistent Institutional Diversity

National minimum wages. The data also reveal substantial heterogeneity in the criteria used for minimum wage differentiation. As previously noted, around 45% of the countries in the dataset rely on a single national minimum wage rate. This system is used by most European countries — with the notable exception of several contiguous Central and Eastern European countries, namely Czech Republic, Slovakia, Romania, and Moldova, as well as, in a different context, Greece — together with a large share of South American countries and roughly half of African countries. By contrast, such systems are much less common in Asia. Brazil and Russia are classified as single national minimum wage systems, although limited subnational exceptions exist. Similarly, such apparent simplicity may conceal incomplete coverage (domestic sector often excluded). For instance, in Nigeria, the minimum wage applies only to firms employing more than 25 workers due to a firm-size coverage threshold.

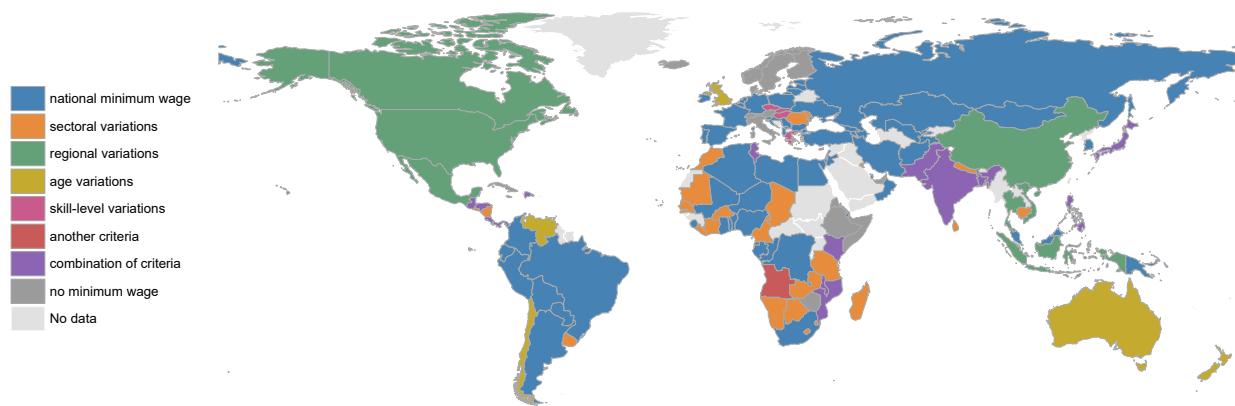


Figure 10. Diversity of Criteria of Differentiation

Sectoral differentiation. Beyond these simplest cases, many countries apply differentiated rates as documented in table 1. Among countries with differentiated minimum wage systems, roughly 75% rely on a single dimension of differentiation. The most common criteria are sectoral and regional variations. The number of sectors covered by differentiated rates varies considerably, from simple binary systems to highly detailed sectoral classifications. For instance, among the 37 countries using sectoral variations, 28 include specific rates for the agricultural sector. This pattern is particularly common among former French colonies, many of which inherited minimum wage systems based on the SMIG/SMAG¹⁶ structure. See in Appendix A.1 for an additional figure illustrating it. As such, except for the specific cases in East Africa, African countries use either national minimum wages or sectoral minimum wage with simple sectoral differentiation as the number of minimum wage rates indicates it. The only exception is Angola who recently reformed its minimum wage, from sectoral variations to a national minimum wage combined with a specific minimum wage rate for start-ups. Elsewhere, countries relying exclusively on sectoral differentiation are relatively rare. This is notably the case in Romania, which recently introduced sector-specific minimum wage rates, and in Uruguay, where the state participates in the tripartite *Consejos de Salarios*, which negotiate sector-specific minimum wages.

Regional differentiation. Regional variation, the second most common differentiation criterion (used in 13 countries), constitutes the sole basis for differentiation in only seven cases: Canada, China, Indonesia, Mexico, Thailand, the United States, and Vietnam. In some countries, regional differentiation reflects decentralized political institutions largely rooted in historical and political legacies, as in the United States, Canada, and Indonesia. In Indonesia, for instance, the current

¹⁶SMIG: *Salaire Minimum Interprofessionnel Garanti*; SMAG: *Salaire Minimum Agricole Garanti*

Table 1. Criteria Used to Differentiate Minimum Wage Rates Across Countries

Criterion	Differentiation Criterion		Sole Differentiation Criterion	
	Countries	Share (%)	Countries	Share (%)
Sector	37	30.1	25	20.3
Region	13	10.6	7	5.7
Age	8	6.5	6	4.9
Skill level	9	7.3	4	3.3
Occupation	4	3.3	1	0.8
Firm size	6	4.9	1	0.8
Other	1	0.8	1	0.8

Note: The table reports the number and share of countries using each criterion to differentiate minimum wage rates across categories of workers, firms, or regions. Countries may use multiple criteria simultaneously; therefore, percentages in the first two columns do not sum to 100.

minimum wage system emerged during the post-Suharto period, when the fall of the authoritarian regime led to a substantial expansion of regional autonomy, including decentralized minimum wage setting. In other cases, regional differentiation stems more directly from economic policies designed to account for regional disparities in productivity or living standards, as in China, Vietnam, and Thailand. In the Mexican case, the only regional differentiation concerns the *Zona Libre de la Frontera Norte* (ZLFN), a free-trade zone established in 2019.

Generational differentiation. Age constitutes the third most common differentiation criterion. While many countries historically implemented reduced minimum wage rates for young workers, most have since abolished them: although 27 countries have used youth-specific rates at some point, only eight continue to do so today — Australia, Chile, Luxembourg, Monaco, New Zealand, Pakistan, the United Kingdom, and Venezuela. In six of these countries, age is the sole differentiation criterion, with Pakistan and Luxembourg constituting the main exceptions. Chile represents a specific case, as the reduced minimum wage rate applies not only to younger workers but also to older workers. The structure of age differentiation also varies substantially across countries. In some cases — such as Australia, Luxembourg, Monaco, and New Zealand — minimum wage rates increase progressively with age, whereas Chile, Pakistan, and Venezuela apply only a single reduced youth rate. Age thresholds likewise differ across countries: for instance, the adult minimum wage applies from age 21 in the United Kingdom but from age 18 in Chile and Luxembourg.

Skill-level differentiation. Minimum wage rates may also vary according to workers' characteristics or the skill level required for their tasks. This form of differentiation is observed in nine

countries and constitutes the sole differentiation criterion in four cases — Czech Republic, Slovakia, Hungary, and Greece. In most cases, legal texts define broad skill categories associated with lists of occupations. This is notably the case in Costa Rica, which operates a ten-level differentiation system ranging from "unskilled" to "highly skilled workers"¹⁷, combined with a classification of roughly 250 occupations. A comparable structure exists in Slovakia, where the national minimum wage is supplemented by a six-level coefficient system. Until 2025, the Czech Republic used a similar framework in which minimum wage rates depended on task descriptions¹⁸. This system was replaced in 2025 by a four-level educational classification ranging from primary to higher education. In other countries, however, differentiation remains much simpler and often binary. Bangladesh and Greece distinguish only between employees and manual workers. Hungary and Luxembourg apply a specific rate only to, respectively, "employees in positions requiring at least upper secondary or vocational qualifications" and "qualified employees". Finally, Kenya uses a binary skill-based differentiation exclusively within the agricultural sector.

Other differentiation. However, other differentiation criteria also exist. Among those not discussed above, firm size is the most common and is currently used in six countries: Angola, the Dominican Republic, Honduras, Malawi, Mozambique, and the Philippines. In some cases, differentiated rates apply only to specific categories of firms, such as start-ups in Angola or micro and small enterprises in Malawi. In others, firm size constitutes a more structuring dimension of the system, with, for instance, four firm-size categories in the Dominican Republic and Honduras. In Mozambique, firm-size differentiation applies only within specific sectors, namely mineral extraction and the energy production and distribution industries. Firm size is generally defined according to the number of employees. In the Philippines, however, some sectors also use firms' asset size as a classification criterion. Beyond firm size, another criterion still used today is the seniority of the employee in Cyprus. Historically, additional differentiation criteria have also been used, the most common being workers' seniority. Such systems existed, for example, in Belgium, Greece until 2019, Hungary, and Romania until 2021. Under these arrangements, minimum wage rates increased according to workers' years of experience or tenure. The definition of seniority, however, varied substantially across countries. In some cases, such as Belgium, seniority referred

¹⁷Personal translation from Spanish. See, for an example: https://pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=103431&nValor3=143825¶m2=1&strTipM=TC&lResultado=1&strSim=simp

¹⁸Example: "Creative systemic work, where the subject is a sector as a collection of interrelated fields or the most demanding fields of fundamental importance. Activities with unspecified inputs, methods of resolution, and outputs that may be linked to a whole spectrum of other activities, where individual scientific disciplines and other broadest and most demanding systems are the subject. Very high mental effort resulting from high demands on creative thinking at a highly abstract level with considerable variability and combinability of processes and phenomena and the ability for unconventional systemic observation in the broadest contexts" (personal translation).

specifically to tenure with the same employer, whereas in countries like Hungary or Greece it could instead encompass broader labor market experience, independently of the employer. Historically, some more unusual differentiation criteria were also used, notably those related to gender and family status. Gender-specific minimum wage rates existed in Canada until 1973 and in New Zealand until 1975. In Luxembourg, until 1994, the level of the minimum wage depended on the workers' family responsibilities. More recently, in Greece, minimum wage rates still partially depended on marital status until 2019, although this criterion did not constitute a major structuring dimension of the system.

Table 2. Number of Criteria Used to Differentiate Minimum Wage Rates

Number of criteria	Frequency	Share (%)
None	80	81.45
1	46	14.47
2	11	4.46
3	2	0.63
Total	139	100

Note: The table reports the number of distinct criteria simultaneously used by countries to differentiate minimum wage rates.

Complex minimum wage systems. If most countries use relatively simple minimum wage systems, a few countries implemented very complex minimum wage policies, with many criteria, many levels of differentiation as documented in table 2 but also more clearly in Figure 11. The most complex minimum wage systems are found, first, in India and, second, in the Philippines. In the Philippines, the current system includes a hundred distinct minimum wage rates, 98 precisely. Yet, despite this complexity, the present system is probably the simplest the country has experienced since the introduction of the Regional Tripartite Wages and Productivity Boards (RTWPBs) in 1989, which progressively replaced the former highly centralized framework. Although broad patterns are shared across the country, the structure of minimum wage differentiation varies significantly across the Philippines' eighteen administrative regions. In most regions, minimum wages are differentiated at the subregional level. Sectoral differentiation also exists within almost all regions and is now generally organized around a broad agriculture/non-agriculture distinction, sometimes complemented by more detailed categories such as plantation, non-plantation, or retail activities. In a few regions, additional sector-specific distinctions persist — for example between service and retail establishments, or for cottage and handicraft industries in Eastern Visayas. In addition, since 2013, all regions have applied a separate minimum wage schedule for domestic workers, enforced independently from the general system. Historically, however, the Philippine

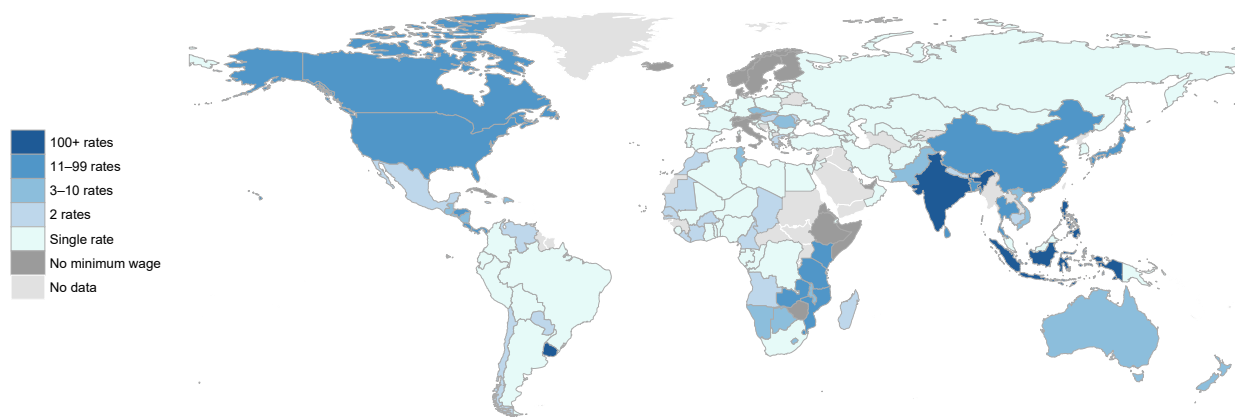


Figure 11. Number of Minimum Wage Rates

minimum wage structure was considerably more complex. During the second half of the 1990s, the system included more than thousand distinct rates, as highly detailed sectoral differentiation was combined with firm-size differentiation, itself sometimes defined jointly according to firms' number of employees and asset size¹⁹.

In India, the minimum wage system is still difficult to describe entirely since the data collection remains uncompleted²⁰. Besides, contrary to Philippines, the minimum wage systems are much more heterogenous across states. First, within the "Central Sphere", where minimum wages are set at the national level, there are currently 54 distinct rates. These rates are differentiated across seven sectors (agriculture; construction and telecommunications; logistics; stone breaking and crushing; sweeping and cleaning; and guarding and security services), four skill levels, and a three-tier regional classification. In some sectors, additional distinctions also apply according to specific production characteristics, such as above — or below — ground activities in mining or stone size in the stone-breaking industry. Apart from these state-level minimum wage, Indian State also set their own rates: in Delhi, the minimum wage policy primarily relies on skill levels, in Haryana, beyond the skill level differentiation, there also exists specific rates for listed occupations. In Kerala, there is at least 160 simultaneous different rates depending on sectors, occupations and skill level. Nevertheless, the exact number of minimum wage rates remains difficult to estimate from the available data, although figures of around 1,200 distinct rates are sometimes reported.

¹⁹To give an order of magnitude, since 1950, I have collected 11530 observations including 11400 since 1990.

²⁰However, to date, the dataset already includes more than 22000 observations starting in 1987, only covering four out of the 28 states in India.

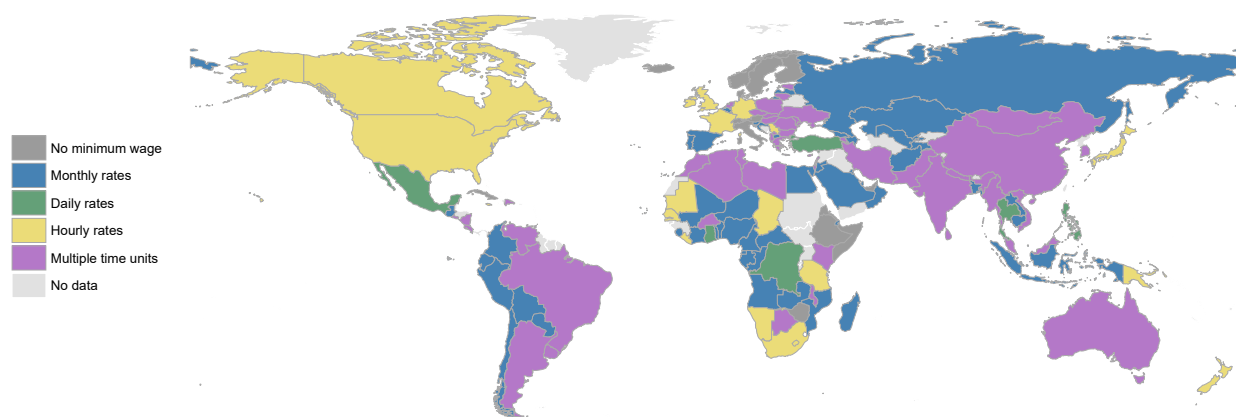


Figure 12. Minimum Wage Time Units

Minimum wage reforms. Beyond these two major cases, some less expected countries implemented complex minimum wage policies. A good example is Mozambique, in which the minimum wage policy is constructed around 18 different rates depending on sectors and firms' size and where the number of rates is almost incremented by one each year since 2008. Indeed, the description made above is mainly based on current minimum wage while minimum wage design often evolve, either progressively or more abruptly due to minimum wage reform. To date, I identified 57 countries that implemented a minimum wage reform (an announced and planned transformation of the minimum wage system) in terms of number of rates or differentiation criteria since the respective introduction of the minimum wage policy in the country. However, minimum wage reforms not only concern the global structure of rates but, regularly the indexation rule or the fixing authorities and require more attention, especially since some countries implemented several reforms, sometimes cancelling previous ones. The best example is Thailand, where, in 2013, the new elected president fulfilled his electoral promises of "300 baths daily", removing the former regional differentiation, which was reintroduced in 2018.

Thus, we observe a large variation in minimum wage design across countries in terms of rates' differentiation. Additional figures present the criteria used, currently and historically, by countries and region in Appendix [A.1](#).

Minimum wage provisions in collective bargaining. As previously discussed, the boundary between complex statutory minimum wage systems and minimum wage provisions embedded in collective bargaining agreements is often highly porous. Norway provides a particularly illustrative example. Sectoral collective agreements negotiated between employers' organizations and trade unions may be legally extended to all workers within the relevant sector, including employees

working in firms not initially covered by the agreement. As a result, in 2024, the Norwegian system includes approximately 25 distinct minimum wage rates across eight sectors. These rates may further vary according to workers' age, skill level, or seniority. Thus, although minimum wages in Norway formally originate from collective bargaining agreements rather than statutory legislation, they ultimately operate as legally binding and quasi-universal minimum wage provisions within the covered sectors.

2.1.3 Time Units: More Than a Detail ?

Table 3. Time Units Used for Minimum Wage Rates

Time unit	Frequency	Share (%)
Monthly rates	51	39.84
Weekly rates	1	0.78
Daily rates	6	4.69
Hourly rates	20	15.63
Multiple time units	50	39.06
Total	128	100.00

Note: The table reports the time units used to define minimum wage rates across countries.

Finally, the last main result on the synchronic dimension of minimum wage design the database provides is the diversity of time units used to define the minimum wage level. Indeed, the time unit is an essential feature of minimum wage design, since it directly affects the minimum wage outcomes depending on the working time of the worker. Besides, different time units impact differently part-time employees. Figure 12 maps the time units used to define minimum wage rates across countries. Hourly minimum wages predominate in most Western economies, including the United States, Canada, France, Germany, and the United Kingdom but are also found in countries such as Japan, New Zealand, South Africa, and Namibia. In Africa, however, time units remain highly heterogeneous despite the shared colonial legacy underlying many minimum wage systems. Monthly rates constitute the most common arrangement overall and are used exclusively in 51 countries. By contrast, some countries rely exclusively on daily rates — for instance Mexico, the Philippines, Thailand, Turkey, and Ghana — while weekly rates are used only in Eswatini²¹. Yet, some countries use multiple time unit (40% of the countries collected). However, it encompasses two distinct cases: different time conversions are provided for the same rate or different rates are defined in different time unit. The most complete case of conversion is Hungary, which provides

²¹It is also worth noting that piece rates exist or have existed in some systems. A contemporary example is India, where certain sectoral minimum wages are defined on a piece-rate basis.

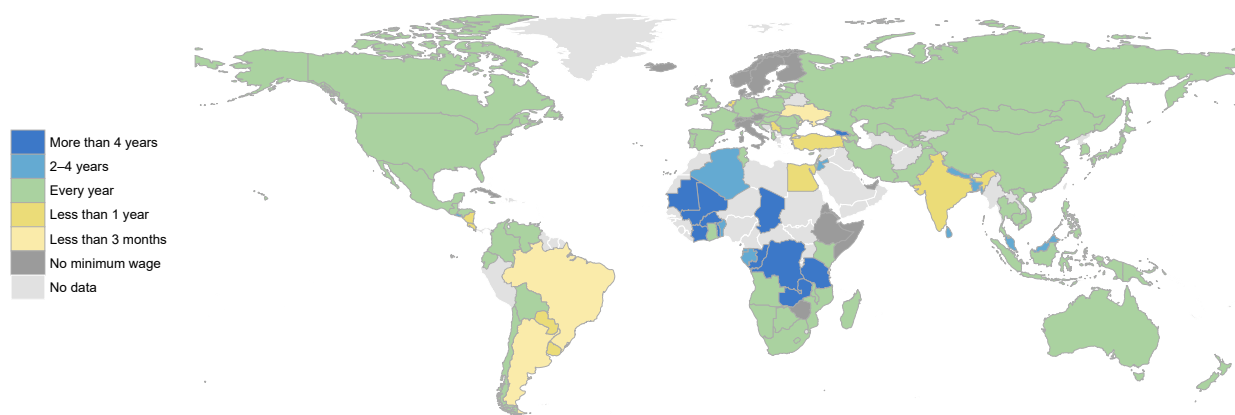


Figure 13. Frequency of Minimum Wage Adjustment

Note: If minimum wages are irregularly adjusted, most frequent value used

conversion in the four time units (hourly, daily, weekly and monthly). Conversely, in Greece for instance, the employees' rate is monthly and the manual workers' rate is daily. However, to data, the database only includes the different conversions when the legal document clearly indicates them or when a conversion's formula is provided.

2.2 A Diachronic Disparity

A minimum wage is a dynamic policy that require regular updates to continue to produce the desired effects on the labor market outcomes. Indeed, the institutional mechanisms governing minimum wage adjustments vary substantially across countries. Beyond indexation rules or economic principle guiding the adjustments, we can observe the frequency and the regularity of adjustments.

Minimum wages can serve both structural and macroeconomic stabilization objectives. Depending on indexation rules and institutional arrangements for wage setting, minimum wage systems may differ substantially in their degree of temporal flexibility and exposure to political cycles. The timing of minimum wage adjustments may either be governed by predetermined legal rules or remain contingent on new legislative decisions.

Minimum wage institutions therefore directly shape the frequency and regularity of wage adjustments. These institutional features may, in turn, have broader implications for labor market outcomes. More predictable adjustment mechanisms are likely to reduce labor market frictions, while the timing and magnitude of minimum wage revisions may reflect broader political responses to macroeconomic conditions, including inflation and unemployment fluctuations.

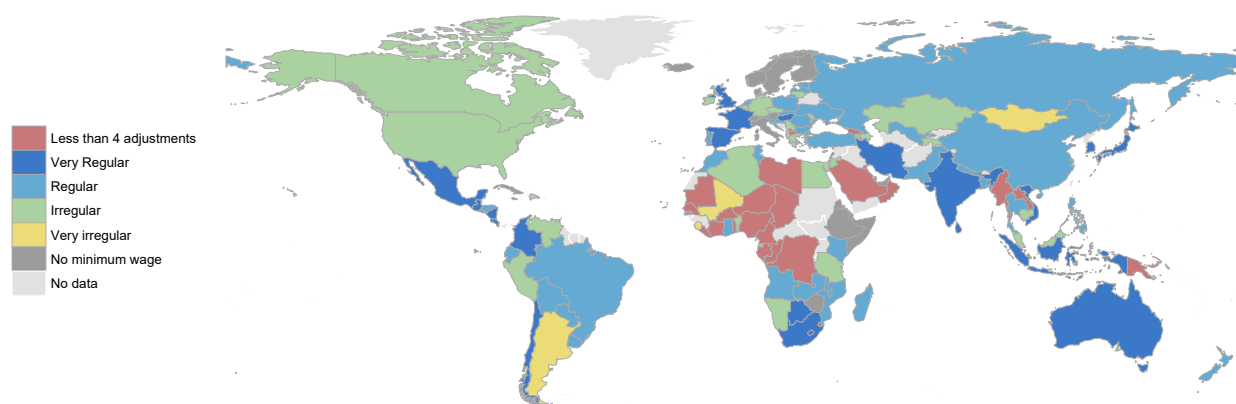


Figure 14. Minimum wage's Regularity of Adjustment

Note: Regularity is measured as $\frac{1}{1+CV} \times \frac{\text{number of adjustments}}{\text{number of adjustments}+5}$

In terms of frequency of adjustment, the key result is the domination of annual adjustments as the worldwide standard. Figure 13 presents the most common interval²² between two minimum wage adjustments across countries, based on the complete historical record of minimum wage changes²³ since 1990.

Table 4. Typology of Minimum Wage Adjustment Patterns

		Regularity of Adjustments	
		Low regularity	High regularity
Frequency of adjustments	Infrequent*	Contingent regime	Standard annual regime
	Frequent	Countercyclical regime	Fine-tuned adjustment regime

Note: *The "standard annual regime" category corresponds to countries where minimum wages are revised relatively regularly, typically once per year. By contrast, the "contingent regime" refer to very rare and irregular revisions, often linked to specific economic or political circumstances.

At either end of the spectrum relative to the annual standard case, some countries implemented very frequent adjustments while others do so only sporadically. Indeed, it reflects very specific situation and political choices.

Combined with information on the regularity of adjustments, these features allow for the identification of four broad types of minimum wage adjustment regimes. Figure 14 measures

²²The modal value is used in order to limit the influence of outliers. However, this choice tends to emphasize countries that have experienced periods of very frequent adjustments.

²³Excluding intervals affected by data collection limitations, for which the consecutive nature of minimum wage adjustments cannot be established with certainty.

the regularity of minimum wage adjustments using the inverse of the coefficient of variation, corrected for the number of observed adjustments to limit distortions arising from countries with very few revisions. Table 4 presents a typology of minimum wage adjustment regimes. The Standard annual regime refers to countries which adjust their minimum wages regularly on an annual basis. It concerns most countries in Western Europe (France, United Kingdom, Spain) but also Russia, China, Australia, Indonesia, Mexico, with a relatively stable adjustment pattern historically. The second pattern, relatively close to the first, the "fine-tuned adjustment regime" corresponds to countries whose minimum wage's adjustment history exhibit strong regularity but with very frequent adjustments. It concerns principally India, whose average adjustment frequency is 189 days i.e. a half year. The two remaining regime concerns countries with irregular frequency of adjustment. The "contingent regime" refers to countries in which minimum wage adjustments are not governed by predetermined rules but instead depend on discretionary political decisions, resulting in relatively infrequent and irregular revisions. This pattern is particularly common in Sub-Saharan, West, and Central African countries, where minimum wage institutions, despite their long history, are adjusted only sporadically. Among the adjustments collected in the database, the average interval between two revisions reaches 1,895 days in Africa, corresponding to approximately five years. Mali provides a particularly striking example, having adjusted its minimum wage only around five times since 1980. Notably, the federal minimum wage in the United States can also be classified within this category. Finally, the "countercyclical regime" relates to countries which includes periods of very frequent adjustments of the minimum wage in response to macroeconomic cycle. The most prominent case is Argentina where the *Consejo Nacional* adjusted very frequently during episodes of high inflation. For instance, nearly ten adjustments were implemented each year in 1980 and 1981. Another example is Ukraine, where, especially between 2005 and 2012, annual finance laws frequently scheduled four to five minimum wage adjustments within the same year.

3 Comparing Minimum Wage Levels across Countries and over Time

3.1 Heterogeneous Strategies in Minimum Wage Levels

Because minimum wage policies are shaped by a variety of political rationales and economic objectives, substantial cross-country variation in minimum wage levels reflects differences in underlying policy strategies as well as country-specific economic constraints.

Indeed, the determination of minimum wage levels reflects a combination of policy objectives and economic constraints. If minimum wages are intended to reduce the gap between workers' productivity and wages generated by firms' monopsony power, their level should be closely related to productivity. By contrast, if minimum wages are primarily designed to reduce poverty and guarantee a minimum standard of living, they should instead depend on living costs, household composition, and the broader system of social transfers.

At the same time, minimum wage levels must avoid generating excessively large economic distortions. Although the recent literature has shown that minimum wage increases do not necessarily produce negative employment effects, identifying the thresholds beyond which minimum wages begin to significantly affect employment dynamics remains a substantial issue. Similarly, high minimum wages may influence firms' incentives to operate informally. As a result, the appropriate level of the minimum wage is also likely to depend on the size of the informal sector and, more generally, on the state's capacity to enforce labor regulations and ensure compliance with minimum wage legislation.

In addition, setting the level of a national minimum wage differs substantially from determining differentiated minimum wage rates. In many countries, differentiated rates are embedded within broader industrial or regional development strategies and may therefore reflect policy objectives extending beyond labor market regulation alone.

3.1.1 Is It Possible to Compare Average Minimum Wage Levels ?

Based on the computation of average minimum wage levels and PPP conversion factors, Figure 15 compares real minimum wages with national income per adult across countries. As expected, minimum wage levels are strongly positively associated with income levels. The relationship illustrated in Figure 15 corresponds to an elasticity of roughly 0.75 in a log-log specification, suggesting that minimum wages increase less than proportionally as national income rises. This

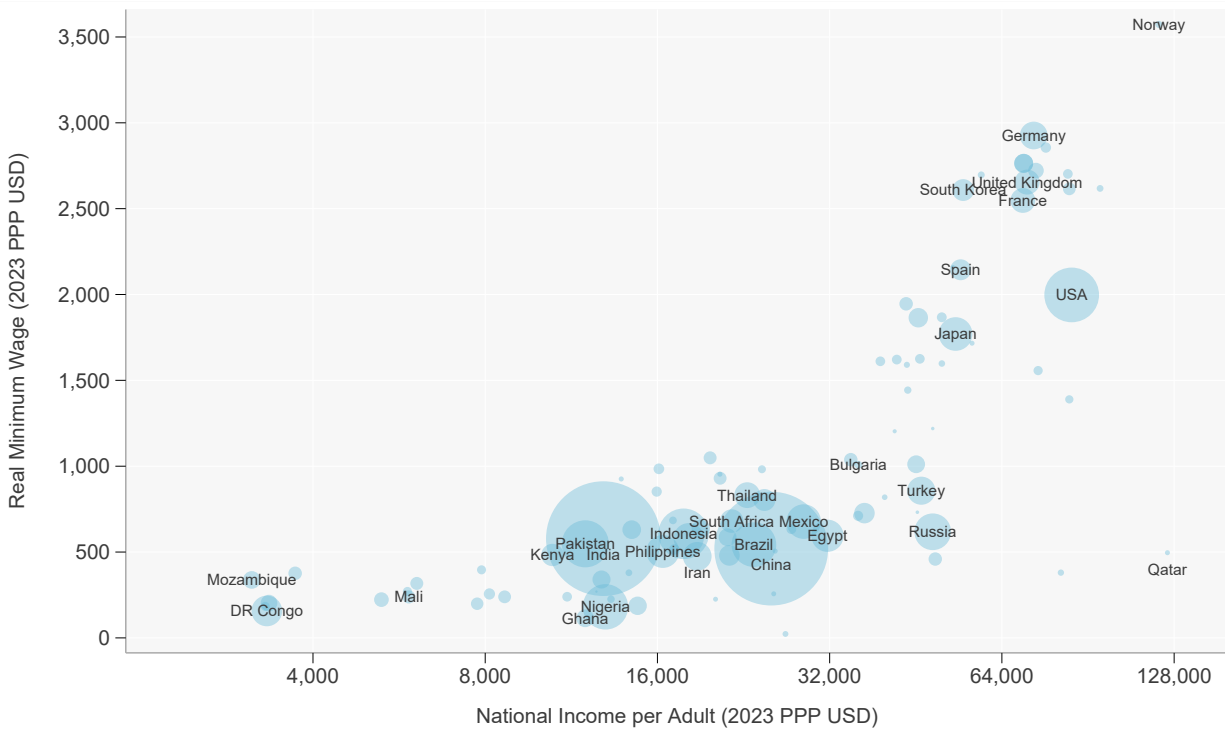


Figure 15. Minimum wage Absolute Levels

Note: Indonesia (provincial minimum wage only); India (Haryana state, unskilled workers); Japan (regional minimum wage only); Pakistan (incomplete data); Romania (national minimum wage); Russia (federal minimum wage); Slovakia (unskilled workers); Uruguay (national floor), USA (state-level minimum wages). The USA, China, Pakistan, and Canada are weighted by regional population. Youth and disability-specific rates are excluded.

figure also includes some countries that do not rely on statutory minimum wages but instead on collectively bargained wage floors, such as Norway²⁴. Indeed, statutory minimum wage levels alone are insufficient to characterize the labor market institutions that shape the lower end of the wage distribution. These outcomes also depend on broader institutional features, including collective bargaining arrangements and the effective coverage of minimum wage regulations. Nevertheless, as shown in Figure 45 in Appendix A.1, a similar relationship is observed when restricting the sample to countries relying exclusively on a national statutory minimum wage.

However, it is more interesting to compare countries with similar national income per adult. Thus, Figure 16 plots the ratio between the average minimum wage and the national income per adult.

The most striking result is that some very low-income countries exhibit minimum wage levels comparable to those observed in countries with slightly higher national income levels, resulting

²⁴In this case, the average minimum wage is computed using the same procedure as for other countries, namely the unweighted average of all applicable rates, excluding youth-specific rates.

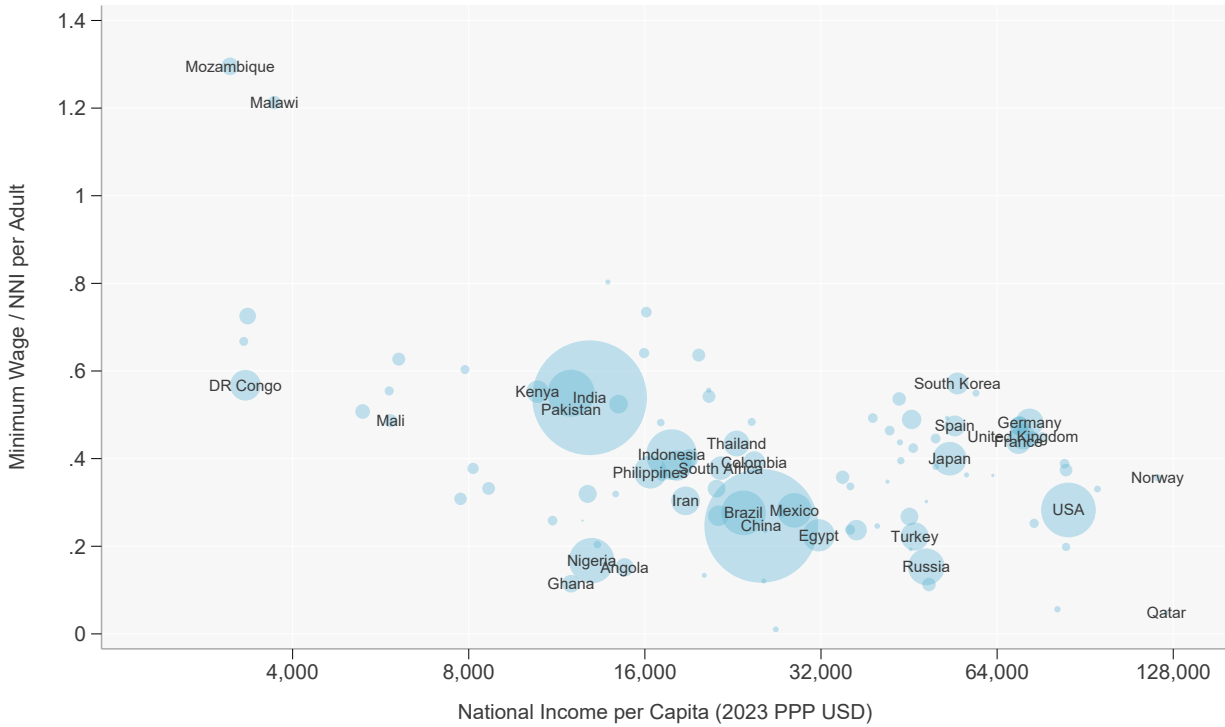


Figure 16. Minimum wage-to-National Income Ratios

Note: Indonesia (provincial minimum wage only); India (Haryana state, unskilled workers); Japan (regional minimum wage only); Pakistan (incomplete data); Romania (national minimum wage); Russia (federal minimum wage); Slovakia (unskilled workers); Uruguay (national floor), USA (state-level minimum wages). The USA, China, Pakistan, and Canada are weighted by regional population. Youth and disability-specific rates are excluded.

in particularly high minimum wage-to-income ratios. Thus, in countries such as Mozambique, or Malawi, minimum wage levels appear relatively disconnected from aggregate labor market conditions and instead primarily target productive firms operating in the formal sector. Such policy strategies may also reflect the strong institutionalization of minimum wage-setting mechanisms. In Mozambique, for example, minimum wage institutions are particularly developed and stable. Minimum wages apply only to specific sectors and are negotiated through tripartite discussions within the *Comissão Consultiva do Trabalho* (CCT), a feature that sharply contrasts with the large size of the informal sector. In Malawi, a similar pattern can be observed, with the relatively high minimum wage level being driven primarily by a set of occupation-specific rates, most notably those applying to cargo truck drivers. However, explaining these strategies requires further investigation into the political and historical conditions that shaped such policy choices and the rationales underlying them.

Beyond these very specific cases involving low-income countries, substantial heterogeneity in minimum wage levels remains observable among more conventional minimum wage systems.

Some countries adopt relatively high and ambitious minimum wage policies, whereas others pursue more cautious wage-setting strategies. Countries with comparatively high minimum wage levels notably include South Korea, India, Pakistan, and several Western European countries. By contrast, minimum wage-to-income ratios remain particularly low in Russia, Nigeria, China, and the United States. This is consistent with the magnitudes typically estimated in the literature (International Labour Organization, 2020). In addition, it is worth noting that although collectively bargained minimum wage provisions in Norway are very high in absolute terms, they appear much more in line with international standards once expressed relative to national income.

Following the minimum wage literature, minimum wage levels can also be compared with average or median earnings. Figure 17 plots the ratio between the average minimum wage and labor income per worker²⁵. A striking result is that this ratio exceeds one in approximately twelve percent of the countries represented, implying that the legal minimum wage is higher than average labor income per worker. In the clearest cases, this suggests that minimum wages apply only to a relatively small share of the working population. Several factors may explain such patterns, including limited formal employment, or minimum wage systems covering only specific, relatively productive sectors, as in Mozambique and Malawi. At the other end of the distribution, countries such as Russia, the United States, China, and Mexico exhibit comparatively low minimum wages relative to labor income. More generally, the negative relationship between minimum wage ratios and income levels is much stronger when comparing minimum wages to labor income per worker than when comparing them to national income per adult. The estimated elasticity is -0.35 in the former case, against -0.22 in the latter.

What, then, are the determinants of such heterogeneity? Does it mainly reflect differences in national policy strategies, or common objectives adapted to specific labor market structures and constraints? More generally, to what extent do the historical institutions governing minimum wage setting continue to shape minimum wage levels today?

Table 5 reports the magnitude and statistical significance of the correlations between the minimum wage-to-labor income ratio and several institutional and labor market characteristics, using the observations displayed in Figure 17. Consistent with the graphical evidence, we observe a strong negative correlation between the minimum wage ratio and labor income per worker. By contrast, the institutional variables considered here — whether the country relies on a single national minimum wage rather than a more complex system, whether the minimum wage was adjusted during the year, whether minimum wages are defined on a monthly basis, and whether adjustments occur frequently (median adjustment interval of one year or less) — do not exhibit

²⁵using data on the employment-to-population ratio in 2023 applied to the entire series from Gethin and Saez (2025)

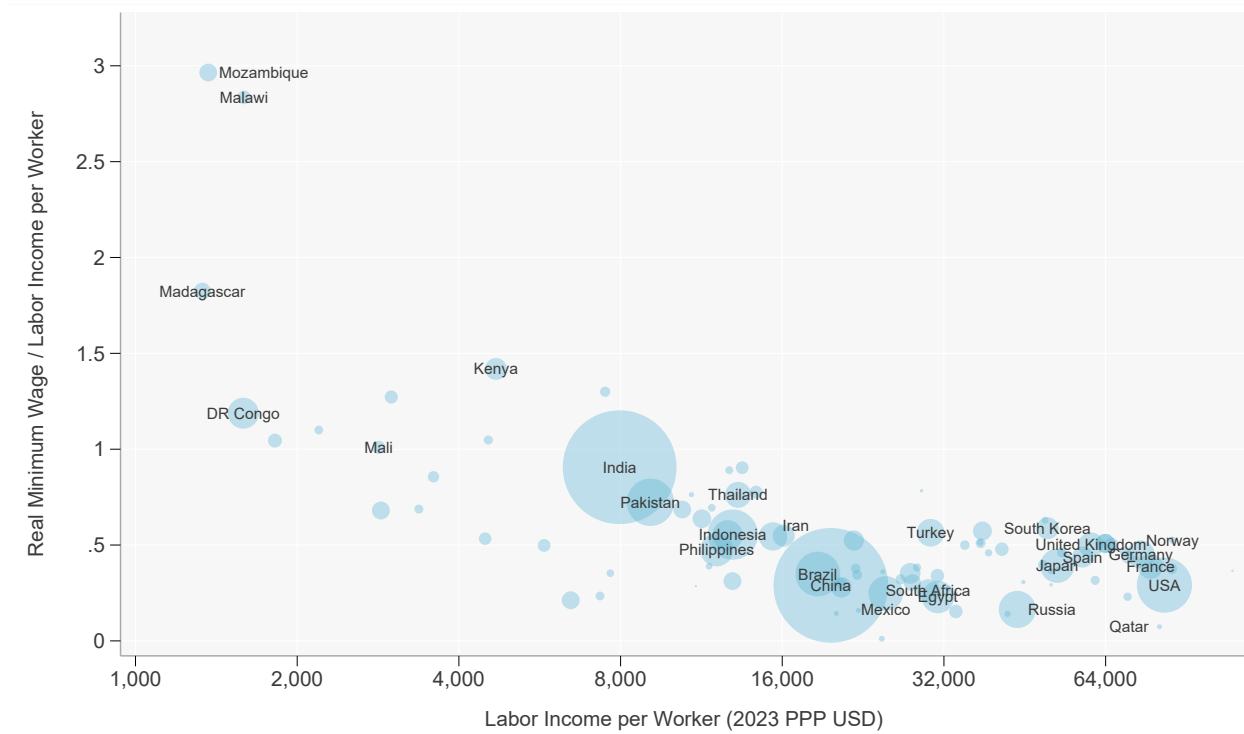


Figure 17. Minimum wage-to-Labor Income per Worker Ratios

Note: Indonesia (provincial minimum wage only); India (Haryana state, unskilled workers); Japan (regional minimum wage only); Pakistan (incomplete data); Romania (national minimum wage); Russia (federal minimum wage); Slovakia (unskilled workers); Uruguay (national floor), USA (state-level minimum wages). The USA, China, Pakistan, and Canada are weighted by regional population. Youth and disability-specific rates are excluded.

statistically significant correlations with the minimum wage ratio once controlling for labor income levels. The only variable exhibiting a significant correlation with the relative level of the minimum wage is the frequency of minimum wage adjustments, with more frequent revisions being associated with comparatively higher minimum wage levels. However, when comparing countries with similar labor income levels, the coefficient associated with informal employment is strongly negative, suggesting that countries with larger informal sectors tend to maintain lower minimum wages relative to labor income. This relationship remains broadly similar even when institutional controls are excluded, indicating that cases such as Mozambique and Malawi remain relatively specific configurations rather than representative patterns. However, these correlations are highly sensitive to both sample selection and the assumptions underlying the construction of the variables, especially the informality measure, which partly relies on imputations based on the level of national income.

Additional figures are reported in Appendix A.1. By presenting the minimum wage-to-income ratio across regions and income groups, they further highlight the substantial heterogeneity in

Table 5. Minimum Wage Ratio and Institutional Characteristics

	(1)	(2)	(3)
Log labor income per worker	-0.278*** (0.0573)	-0.328*** (0.0628)	-0.556*** (0.102)
Single national minimum wage		-0.105 (0.0665)	-0.0969 (0.0619)
Recently adjusted		0.109 (0.0797)	0.0800 (0.0710)
Monthly rate		-0.0286 (0.0748)	-0.0124 (0.0687)
Frequent adjustments		0.214** (0.0908)	0.210** (0.0900)
Informal employment share			-0.865*** (0.212)
Constant	3.318*** (0.593)	3.639*** (0.580)	6.291*** (1.062)
Observations	97	92	92
R^2	0.446	0.546	0.632
Adjusted R^2	0.441	0.519	0.606

Standard errors in parentheses

Dependent variable: Minimum Wage Ratio.

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

minimum wage levels within each category.

3.1.2 The Degree of Minimum Wage Differentiation

Although average minimum wage levels help characterize broad cross-country strategies in minimum wage setting, they mask the potentially large heterogeneity induced by differentiated rate structures. Depending on the differentiation criteria used and on the categories of workers or firms covered, the degree of within-country variation in minimum wage levels can differ substantially.

Rates heterogeneity and National Income. The degree of minimum wage differentiation must be analyzed in relation to the existence and scope of collective bargaining institutions. In this respect, differentiated minimum wage rates may be understood either as competing institutions — compensating for the absence or weakness of collectively negotiated wage standards in certain sectors or regions — or, conversely, as mechanisms extending collective agreements into more universal wage-setting arrangements. Analyzing wage-setting authorities is therefore essential to understanding the institutional proximity between minimum wage systems and collective bargaining arrangements. However, Figure 18 already offers a first insight into the extent of within-country heterogeneity in minimum wage rates²⁶. It reports the coefficient of variation across all minimum wage rates within each country and also includes Norway, a case in which minimum wage provisions established through collective bargaining agreements are legally extended on a universal basis.

Thus, no country exhibits a standard deviation exceeding 50% of the average minimum wage level. Moreover, no clear relationship emerges with respect to national income levels, except for a slightly greater degree of heterogeneity among relatively low-income countries: countries with relatively high levels of within-country differentiation are nearly as common as those with comparatively low differentiation, and no obvious outliers can be identified. However, the degree of minimum wage differentiation is likely to depend strongly on both the criteria underlying differentiation and the number of rates within the system. Figure 19 explores these relationships.

While substantial heterogeneity remains observable among countries with a similar number of minimum wage rates, the degree of differentiation varies considerably depending on the underlying criteria. Regional differentiation, in particular, tends to generate relatively limited dispersion in minimum wage levels. The main exception is Mexico, where the comparatively high coefficient of variation is driven by the exceptionally high minimum wage applied within the *Zona Libre de*

²⁶Countries with a unique national minimum wage are excluded

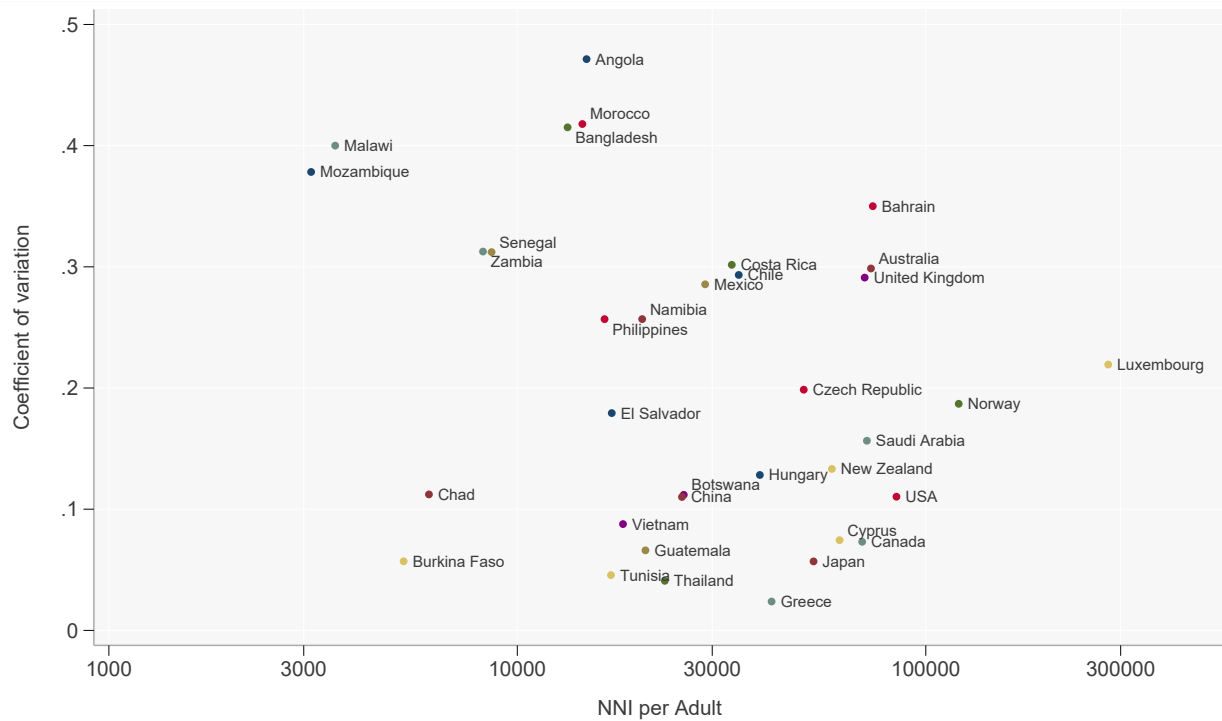


Figure 18. Degree of Rate Differentiation and National Income

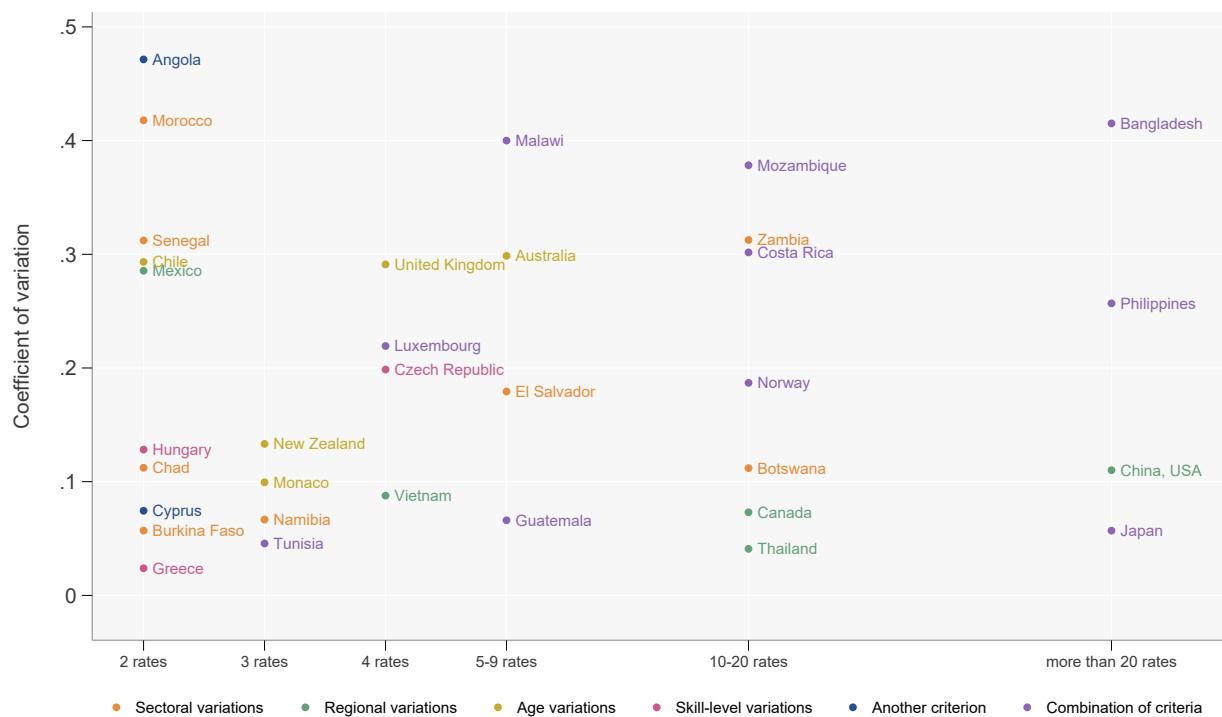


Figure 19. Degree of Rate Differentiation and Minimum Wage Design

la Frontera Norte (ZLFN), a free-trade zone located along the border with the United States. By contrast, in Vietnam, Canada, Thailand, China, and the United States, the standard deviation does not exceed 10% of the average minimum wage level. By contrast, countries relying exclusively on sectoral differentiation generally exhibit greater heterogeneity in minimum wage levels. In Morocco and Senegal, for instance, substantial dispersion exists between agricultural and non-agricultural rates. In Zambia, heterogeneity is particularly large across occupations covered by the minimum wage system, ranging from domestic workers to "qualified clerks or machine operators". Conversely, in countries such as Burkina Faso or Chad, the distinction between agricultural and non-agricultural sectors translates into only limited variation in minimum wage levels. In Angola, the particularly high degree of heterogeneity reflects the coexistence of a general minimum wage and a start-up rate set at half that level. In Bangladesh, by contrast, dispersion mainly reflects the irregular adjustment of some sectoral rates, several of which have not been revised since 1987.

Age-based Differentiation. With respect to age-based differentiation, the ratio between the adult minimum wage and the youth-specific rate varies substantially across countries. Figure 20 plots the evolution of this ratio for countries applying differentiated minimum wages for young workers. However, youth minimum wages generally reflect two distinct rationales. When they apply to young adults, they are often intended to limit the potential adverse employment effects of minimum wages on less experienced workers. In many cases, however, they instead constitute a specific regulatory framework for very young workers. Indeed, in most countries currently using youth-specific minimum wages, reduced rates apply primarily to workers under the age of 18. In the United Kingdom, for instance, while workers under the age of 25 were not entitled to the full adult minimum wage until 2020, the reduced rate now applies only to workers below the age of 21. Similarly, several countries have abolished youth-specific minimum wage rates over time — including Czech Republic and Slovakia relatively early in the history of their minimum wage systems, and more recently Spain, Latvia, and Turkey. Latvia constitutes a particular case, as teenagers benefited from a higher hourly minimum wage in order to compensate for shorter legal working hours. Overall, youth-specific minimum wages appear in most cases to function primarily as a regulatory framework for very young workers rather than as a labor market policy specifically designed to protect youth employment.

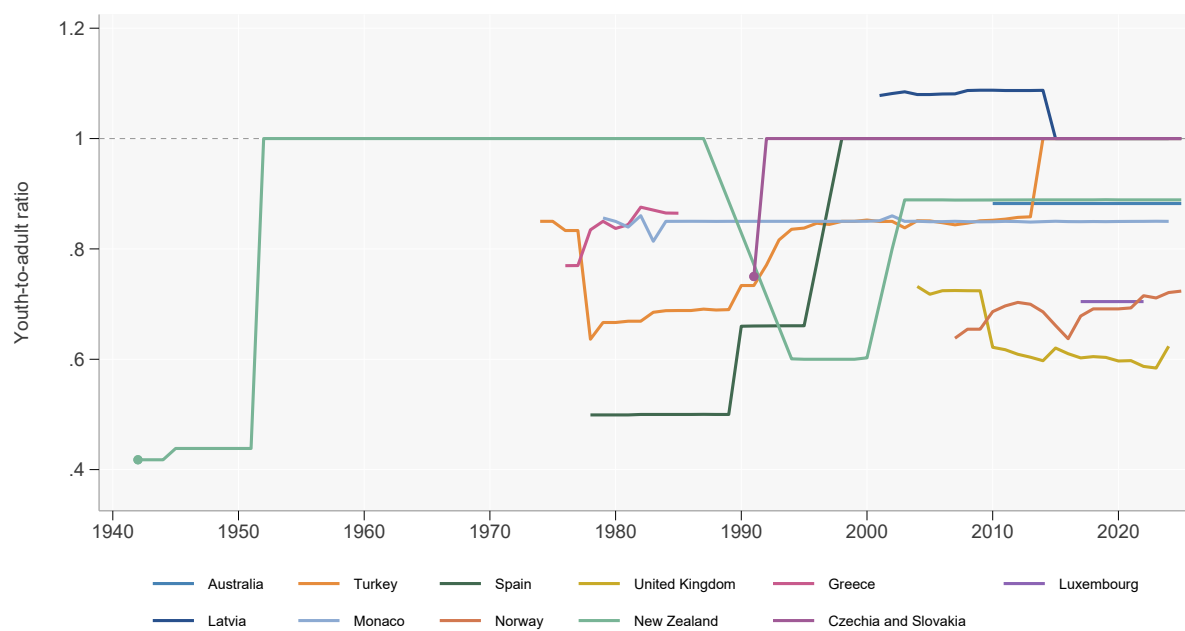


Figure 20. Evolution of the Youth-to-Adult Minimum Wage Ratio

3.2 The Minimum Wage: A Dynamic Policy

As already emphasized, minimum wages constitute a dynamic policy instrument that is sensitive not only to macroeconomic conditions but also to political shocks. Their level is therefore likely to evolve over time. Maintaining a constant minimum wage level — whether in real terms or relative to national or labor income — requires both a relatively stable macroeconomic environment and sufficiently developed wage-setting institutions. Depending on the institutional framework, minimum wages may follow either relatively smooth adjustment paths or more volatile trajectories. In addition, disagreements regarding the appropriate level of the minimum wage may themselves generate deliberate upward or downward policy trends over time. Disentangling the respective contributions of these different factors to minimum wage dynamics remains challenging.

3.2.1 Regional Trends in the Evolution of Minimum Wage Levels

This dataset provides the possibility to analyze both long-run trends and major discontinuities in the historical evolution of minimum wage levels. The following figures trace the evolution of the minimum wage-to-national income ratio across regions since 1980, focusing on the most populous countries²⁷. As before, whenever differentiated minimum wage rates exist, average minimum wage levels are computed following the harmonization procedures described in Section 1.2.

Western Countries. In Western Europe, in the USA, Canada and Australia, as reported in Figure 48, the levels of average minimum wage seems more homogeneous today than in 1980: countries with a high minimum wage in 1980 as Australia are today in the average and countries with a low minimum wage in 1980 as Spain is, without being an outlier, in the top of the distribution, after the sharp rise under the government of Pedro Sanchez in 2019. In Australia, the erosion of the minimum wage with respect to national income may be explained by the "reconceptualisation of minimum wages and the awards system as a bare-bones "safety net" rather than a tool for leading wages and working conditions forward" (McKenzie, 2018) but also by a faster growth in average earnings due to the increase of labor productivity (Hamilton, 2025). In the United States, the decline in the relative value of the federal minimum wage reflects the absence of automatic indexation mechanisms and prolonged periods of congressional inaction. Since the 2010s, many states have responded by adopting substantially higher state-level minimum wages, thereby generating increasing territorial divergence in wage floors. Nevertheless, at least until 2018, the average minimum wage remained comparatively low in relative terms, as 20 of the 51

²⁷except for a limited number of countries included on the basis of data quality considerations

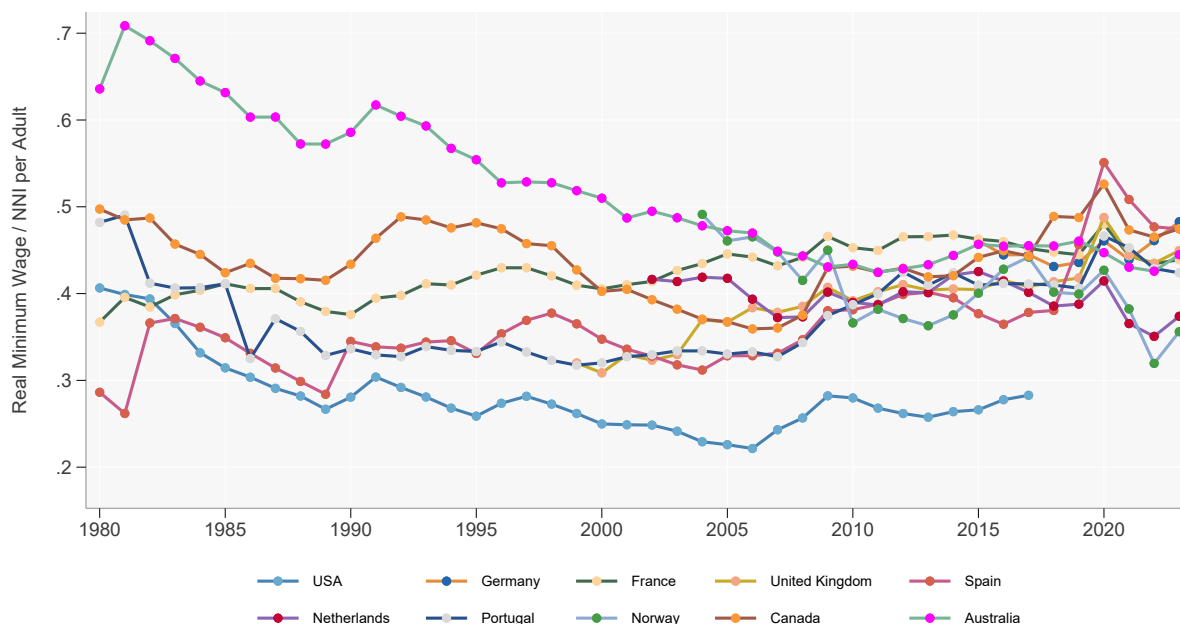


Figure 21. Evolution of the Minimum Wage-to-National Income Ratio in Western Countries

Note: USA (state-level minimum wages). The USA and Canada are weighted by regional population. Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

states still apply in 2025 only the federal minimum wage level, which had last been adjusted in 2009.

Eastern Europe. More interestingly, in Eastern Europe, minimum wage levels appear to follow a broad upward convergence trend towards roughly 40% of national income per adult, a relative level comparable to that observed in many Western European countries. While statutory minimum wage systems were introduced in most countries following the liberalization of the economy in the 1990s and independently from previous wage-setting institutions, the case of Poland differs somewhat, as the current statutory minimum wage was built directly upon minimum wage provisions embedded in the socialist wage scale system. At the same time, the transition towards a market economy is clearly reflected in the evolution of minimum wage levels themselves: To what extent did minimum wage policy in Poland serve to offset the social costs of economic liberalization? Conversely, in Russia, although the trend appears upward, the minimum wage-to-national income ratio remains substantially lower than in most other countries. Before the 2009 reform, which authorized Russian regions to establish their own regional minimum wages²⁸, the federal government generally avoided frequent and substantial adjustments, fearing negative

²⁸provided that these regional minima were set above the federal floor.

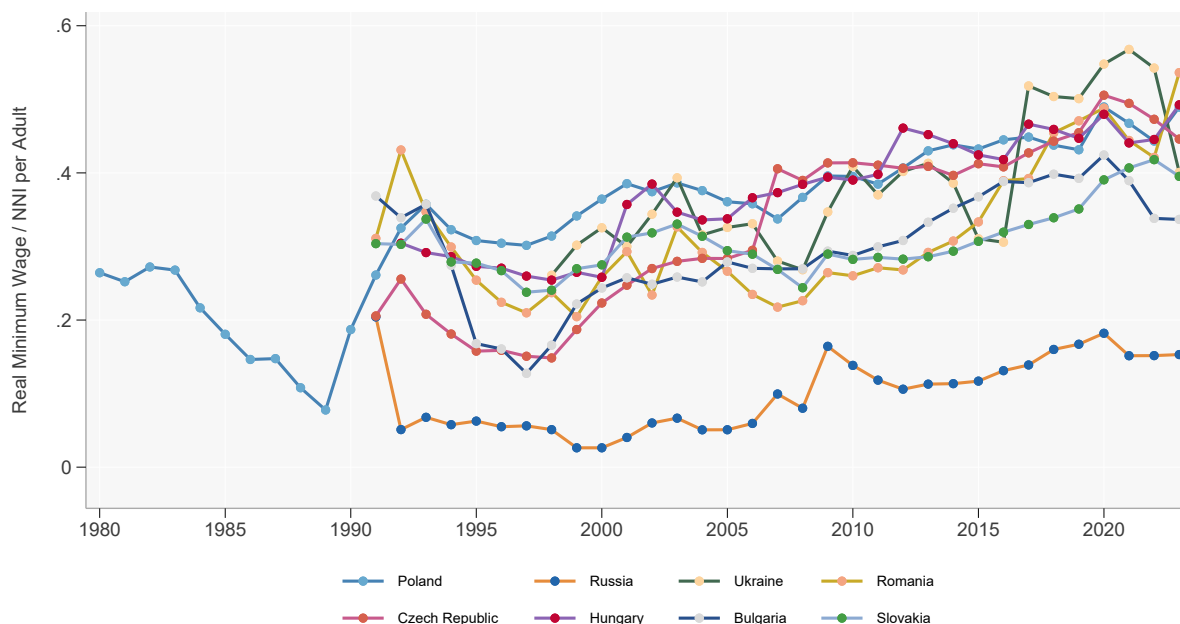


Figure 22. Evolution of the Minimum Wage-to-National Income Ratio in Eastern Europe

Note: Romania (national minimum wage); Russia (federal minimum wage); Slovakia (unskilled workers). Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

consequences for firms during the transition period. According to Lukiyanova and Vishnevskaya (2016), minimum wage increases were often driven more by political considerations than by social protection objectives. For instance, "between 1992 and 1997, the level of minimum wage was raised 11 times, including 7 revisions that occurred in pre-election periods". Moreover, not all regions chose to implement their own regional minimum wage agreements, and the share of participating regions varied considerably over time²⁹. During the 2008-2009 financial crisis, for example, the proportion of regions applying regional minima declined by more than one third, falling to only 32 per cent. The most volatile minimum wage-to-national income ratio is observed in Ukraine, where major inflationary episodes in 2008, 2015, and 2022 generated sharp fluctuations in the relative value of the minimum wage. Figure 49 illustrates it.

Asia. Similarly to Western countries, we observe an homogenization of minimum wage level in Asia towards roughly 40% of national income per adult today as well as documented in Figure 50. In Azerbaijan, the inflation crisis of the second half of 1990s is clearly visible on the minimum wage ratio, which also explains the sharp decline of the minimum wage ratio in Iran since 2019. The sensitivity of the minimum wage to macroeconomic shocks is also visible in Iran between

²⁹As mentioned above, the current data collection does not include these regional minimum wages.

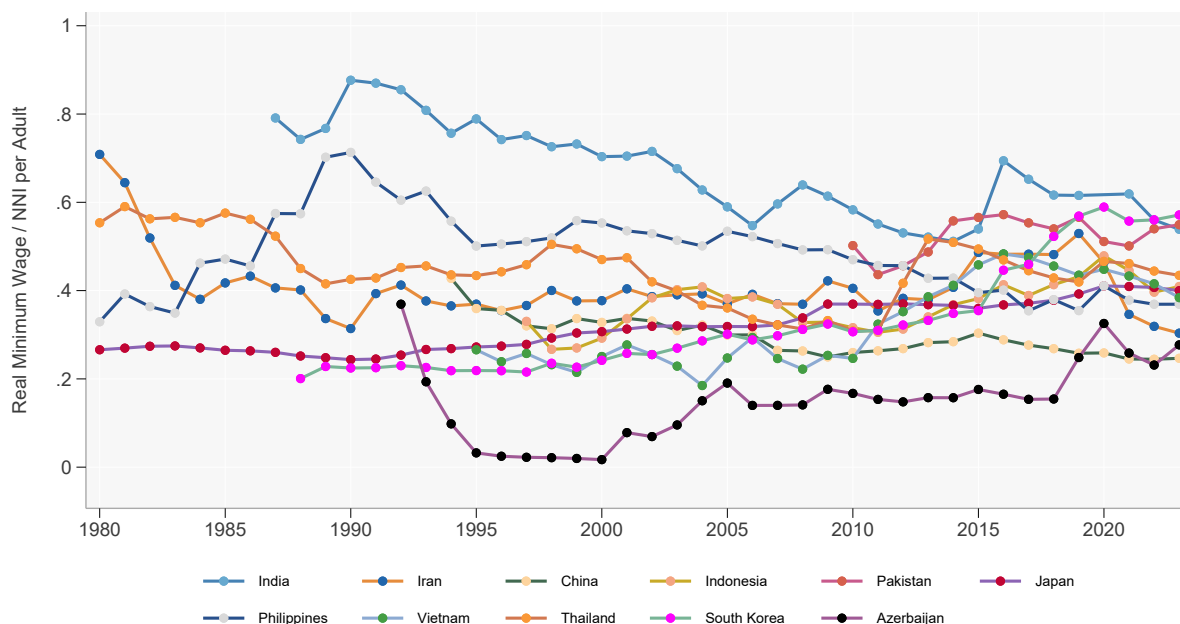


Figure 23. Evolution of the Minimum Wage-to-National Income Ratio in Asia

Note: Indonesia (provincial minimum wage only); India (Haryana state, unskilled workers); Japan (regional minimum wage only); Pakistan (incomplete data). China and Pakistan are weighted by regional population. Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

2011 and 2015 following the sanctions plan over its nuclear program, phenomenon amplified by the indexation rules of the minimum wage policy. In China, despite a clear increase in real terms, the minimum wage-to-national income ratio remains flat or slightly decreases since its introduction. In the Philippines, the transition towards a decentralized minimum wage system coincided with the peak of the minimum wage-to-income ratio around 1990. This may partly reflect the relatively ambitious minimum wage policies implemented in the social and economic context that followed the *People Power Revolution* of 1986. In Thailand, the sharp increase observed in 2013 coincides with the introduction of the "300 baht daily wage" policy under Prime Minister Yingluck Shinawatra. Similarly, the recent history of minimum wages in South Korea has been marked by the substantial increases implemented under the government of Moon Jae-in as part of the broader "income-led growth" strategy.

Africa. In African countries, minimum wage trajectories do not exhibit the same convergence in relative levels, and substantial heterogeneity remains observable today as documented in Figure 51. The Democratic Republic of the Congo, for instance, illustrates a pattern of ambitious but highly irregular adjustments implemented in a particularly unstable political and macroeconomic environment. A different trajectory can be observed in Burkina Faso, where the minimum wage-to-

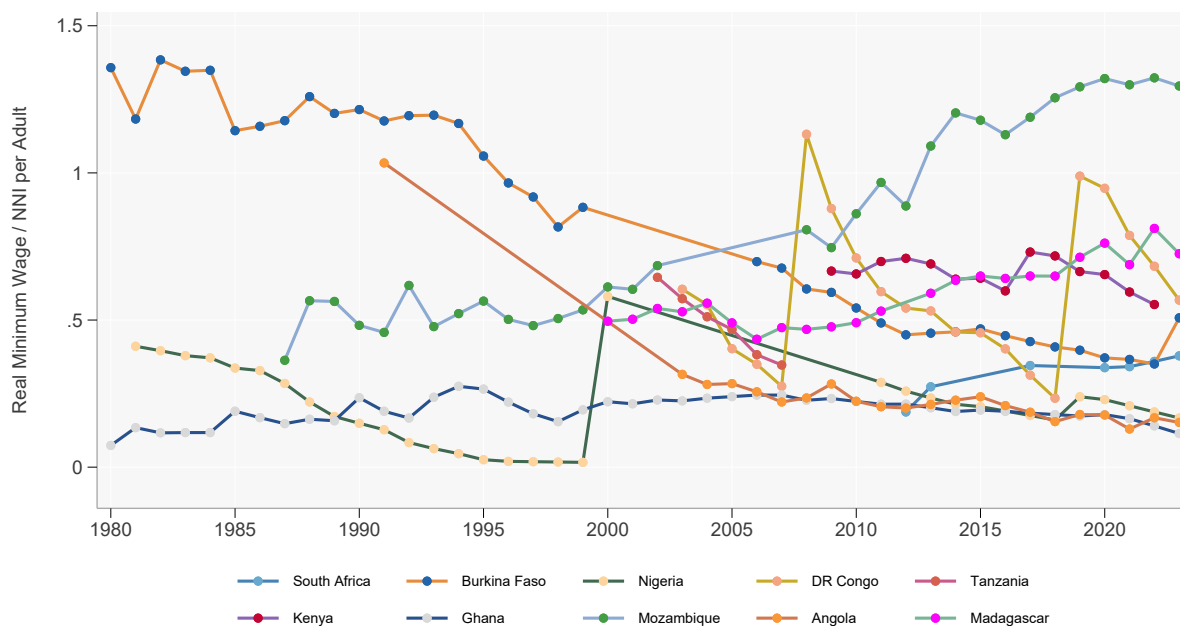


Figure 24. Evolution of the Minimum Wage-to-National Income Ratio in Africa

Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

national income ratio was initially very high before gradually converging towards more standard levels. Such an evolution may reflect a gradual transition towards more effective and enforceable minimum wages, rather than aspirational wage floors primarily targeting formal and urban workers (Bhorat et al., 2017). Similarly, in Mozambique, the increase in the minimum wage ratio appears consistent with the gradual reinforcement of a strategy targeting specific productive sectors and larger firms. By contrast, minimum wage policy in Nigeria has historically remained relatively cautious, with particularly infrequent adjustments — only one between 1980 and 1999, and four since 2004. A notable exception occurred in 2000, when the government of Olusegun Obasanjo doubled the minimum wage following the democratic transition of 1999. In Ghana, minimum wage dynamics appear comparatively stable and persistently low in relative terms, a pattern that may partly reflect the institutional role of the *National Tripartite Committee* (Gockel and Vormawor, 2004). More generally, the relatively higher levels of national income per adult observed in countries such as Nigeria, Angola, and Ghana mechanically contribute to lower minimum wage-to-income ratios and are also associated with greater macroeconomic stability. Indeed, since at least 2010, these three countries have displayed relatively similar trajectories.

Latin America. A similar convergence pattern appears to characterize Latin American countries, with the notable exception of Guatemala. All countries shown in Figure 52 exhibit relatively stable

minimum wage institutions and highly regular adjustments, generally occurring at least once per year. Colombia and Peru, in particular, display relatively similar trajectories since 2000, both stabilizing around a minimum wage-to-national income ratio close to 40%. However, while the Colombian minimum wage trajectory has remained comparatively stable since 1980, the Peruvian case prior to 2000 was much more strongly affected by macroeconomic instability, exhibiting fluctuations similar to those observed in Argentina and Brazil during the same period. Indeed, these three countries belong to the group of economies that sharply increased the frequency of minimum wage adjustments during episodes of high inflation — reaching up to 12 adjustments per year in Argentina, 10 in Brazil, and 6 in Peru in 1986. Anti-hyperinflation stabilization plans often involved abandoning such adjustment practices, as illustrated by the *Plano Real* introduced in Brazil in 1994. Since then, these countries have followed more heterogeneous trajectories. In Argentina, after a period of relative stabilization in the minimum wage-to-income ratio, the government of Néstor Kirchner implemented substantial nominal increases in minimum wages as part of a broader demand-side economic strategy. However, this relatively ambitious minimum wage policy was progressively abandoned, and the current minimum wage-to-national income ratio is now among the lowest in Latin America. By contrast, in Brazil, the minimum wage ratio increased more gradually, despite substantial real minimum wage growth between 2003 and 2016 under the presidencies of Luiz Inácio Lula da Silva and Dilma Rousseff. In Mexico, the minimum wage remained comparatively low in relative terms for decades until the 2019 reform, which introduced a specific rate within the free-trade border zone while also implementing large nominal increases in minimum wages nationwide.³⁰ Conversely, several Latin American countries, such as Guatemala, continue to exhibit particularly high minimum wage-to-national income ratios in contexts characterized by widespread informality.

Middle East and North Africa. Many Middle Eastern countries have only a limited history of minimum wage regulation, either because of prolonged political instability, as in Syria or Iraq, or because of segmented labor market structures, as in Saudi Arabia, where minimum wage provisions are largely restricted to nationals employed in the public or semi-public sector. As displayed in Figure 53, two notable exceptions are Israel and Jordan, the latter exhibiting a pronounced upward trend in the minimum wage-to-income ratio since the 2010s, driven both by substantial nominal increases and, more importantly, by declining national income levels. More broadly, Morocco, Algeria, and Tunisia displayed relatively similar minimum wage-to-income ratios around 1980 but subsequently experienced markedly divergent trajectories despite persistently frequent minimum wage adjustments. In Algeria and Tunisia, the long-run trend has generally been downward,

³⁰The graph includes the special border-zone rate. However, even excluding this rate, the increase in the minimum wage-to-income ratio remains substantial, although smaller.

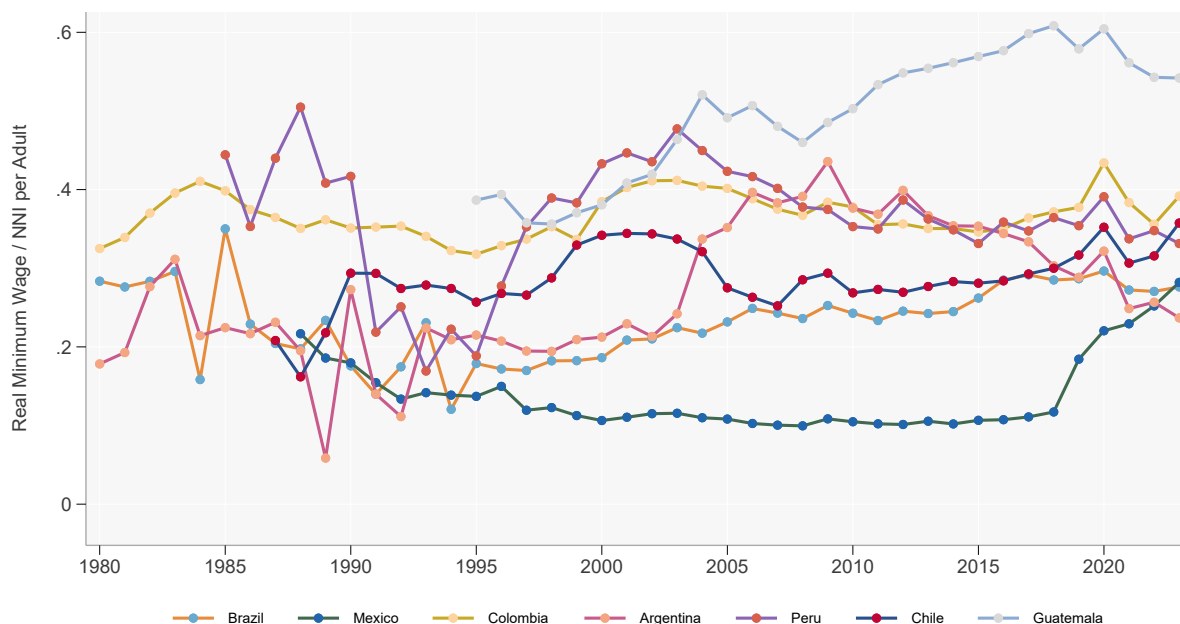


Figure 25. Evolution of the Minimum Wage-to-National Income Ratio in Latin America

Note: Uruguay (national floor), USA (state-level minimum wages). Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

although substantially more volatile in Algeria, probably because of macroeconomic fluctuations associated with hydrocarbon revenues. By contrast, in Morocco, the minimum wage-to-income ratio remained comparatively high and even peaked around 2000 before gradually converging towards more moderate levels. Finally, in Turkey, the minimum wage-to-income ratio followed a sustained upward trajectory, reaching comparatively high levels prior to the major inflationary shocks observed since 2021.

Additional figures documenting the evolution of the minimum wage-to-labor income per worker ratio by region, whenever data are available, are reported in Appendix A.1. Overall, the broad patterns observed using national income remain relatively similar in Western Europe, Asia, and Africa. In Eastern Europe, the upward trend in minimum wage ratios also remains visible when minimum wages are expressed relative to labor income per worker, suggesting that the increase in minimum wage-to-national income ratios cannot be explained solely by changes in the labor share of national income. In Latin America, the bell-shaped trajectory is even more pronounced in Argentina. More generally, minimum wage levels appear substantially more heterogeneous across countries in the region, with the partial exception of Argentina, Chile, and Brazil in recent years. In addition, aside from Argentina, the relative ranking of countries in terms of minimum wage levels appears remarkably stable over time.

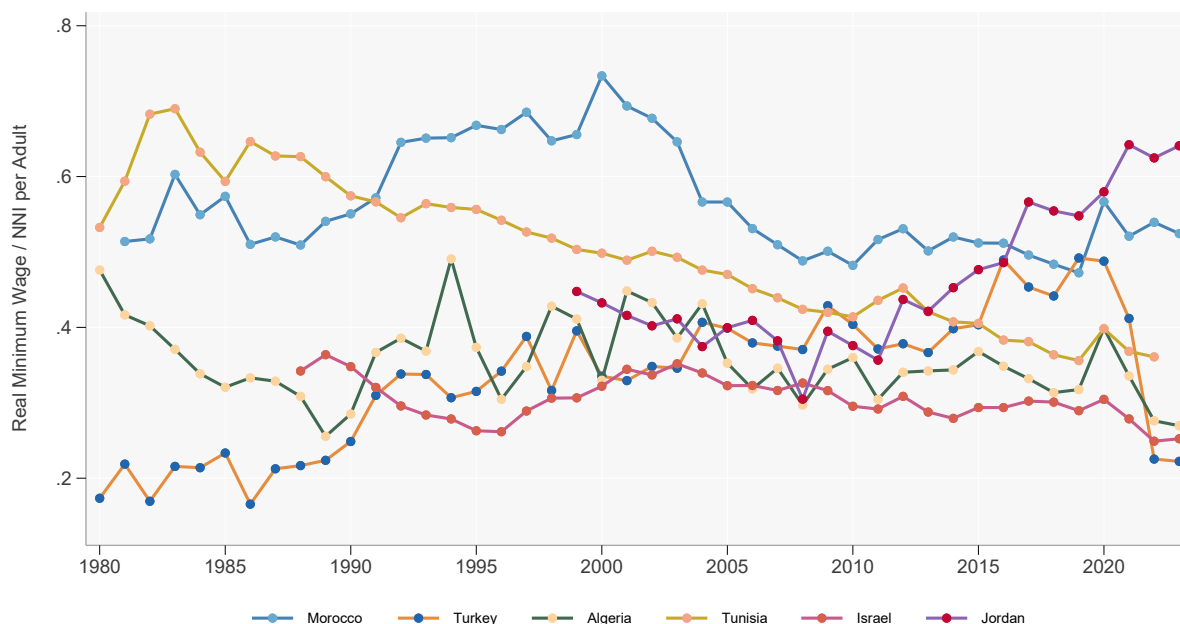


Figure 26. Evolution of the Minimum Wage-to-National Income Ratio in the Middle East and North Africa
Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

3.2.2 Minimum Wages before Minimum Wages: Exploring Historical Trends

If the data collection is often limited to the 1980s and later, the dataset includes some long minimum wage time series. Figure 27, 28 and 29 plot the longest historical series.

Australia, New Zealand, Canada and France. In Australia, the definition and the institution of the minimum wage has changed historically. The minimum wage system evolved from fragmented sectoral wage boards in the late nineteenth century into a highly centralized and institutionalized wage-setting framework today. The 1907 Harvester Decision established the principle of a “fair and reasonable” living wage based on workers’ needs, which became the foundation of the Australian basic wage system. During the twentieth century, wage determination alternated between periods of automatic indexation to inflation (notably 1922-1953 and 1975-1981) and periods where broader economic considerations such as productivity, unemployment, and the “capacity to pay” prevailed. The system also progressively expanded equality protections, notably through the abolition of discriminatory wage rates for women and Indigenous workers in the 1960s and 1970s. From the late 1980s onward, the system shifted towards enterprise bargaining

and award restructuring, while minimum wage adjustments increasingly became statutory and nationally coordinated under institutions such as the Fair Work Commission (Hamilton, 2025). Such institutional and historical changes complicate the interpretation of long-run trends in average minimum wage levels, especially given that, as discussed in Section 1.2, sectoral and collectively bargained minimum wage rates are only partially covered in the dataset. However, using the current data, the automatic indexation mechanism implemented between 1975 and 1980 during the inflationary shocks appears to have generated a persistent upward shift in the real minimum wage, despite being discontinued thereafter. In New Zealand, the long-run trajectory is relatively smooth and upward overall, with the notable exception of the 1965-1985 period, likely reflecting the combined effects of the oil shocks and the minimum wage adjustment strategies adopted at the time. Between 1973 and 1975, minimum wage revisions became increasingly frequent, reaching up to three adjustments per year. This strategy was subsequently abandoned, however, with periods of complete nominal rigidity thereafter — for instance, no adjustment was implemented between 1981 and 1984. Since then, minimum wage revisions have followed a largely annual pattern. In Canada, the evolution of minimum wage levels since 1965 appears slightly cyclical, alternating between periods of gradual real increases and periods of gradual erosion in real terms. In France, the evolution of the minimum wage has been more gradual and continuous, largely reflecting the indexation mechanisms governing wage adjustments. More specifically, the period between 1975 and 2010 was characterized by the most substantial increases in minimum wage levels, following an earlier decline and preceding a phase of relative stabilization.

Turkiye, Philippines, Brazil and Colombia. Although the broad historical patterns of minimum wage evolution in these countries were already discussed in the previous section, the pre-1980 period exhibits several distinctive dynamics. In the Philippines, for instance, the minimum wage experienced a sharp decline in real terms between 1970 and 1975, largely because nominal minimum wages remained unchanged following the 1969 balance-of-payments crisis under the authoritarian government of Ferdinand Marcos. A similar pattern can be observed in Colombia, where the absence of minimum wage adjustments between 1963 and 1968 resulted in a substantial erosion of the minimum wage in relative terms. However, these prolonged periods without adjustment primarily reflect the still limited institutionalization of minimum wage-setting mechanisms at that time, before the emergence of more regular and institutionalized adjustment procedures.

Algeria, Benin, Ghana and Tunisia. Similarly, minimum wage institutions remained relatively underdeveloped in these countries prior to 1980, with, for example, only a single minimum wage adjustment recorded in Benin in 1974. In Algeria, the 1980s coincided with the introduction of

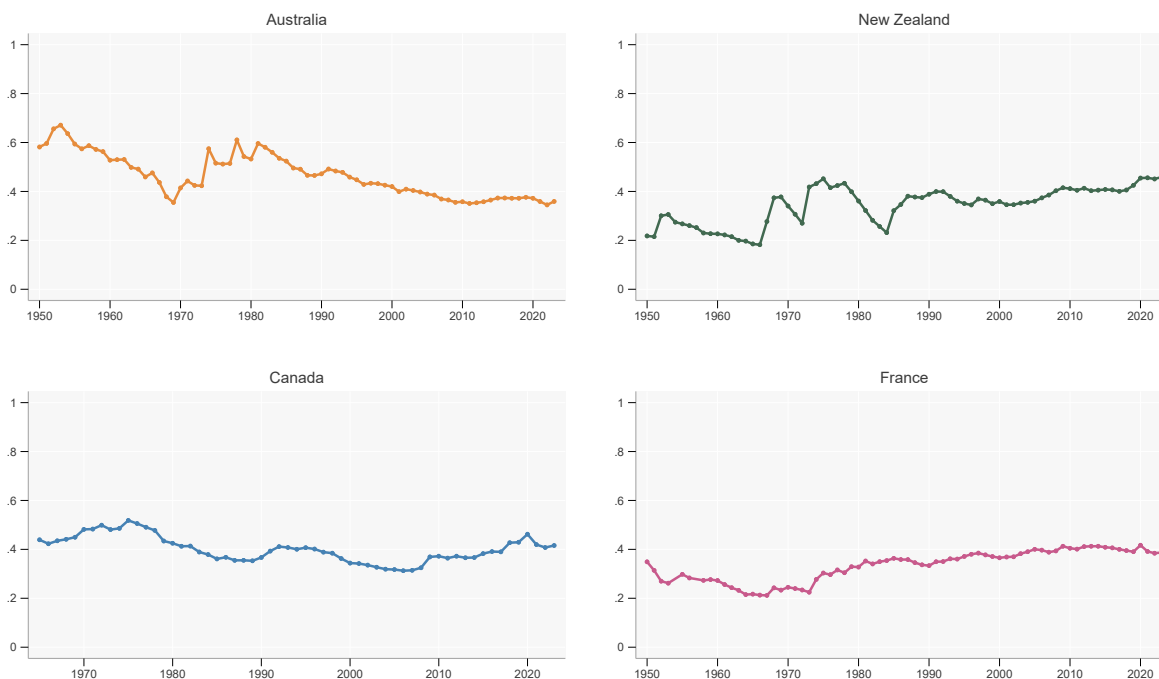


Figure 27. Historical Evolution of the Minimum Wage-to-GDP per Adult in Selected Countries
Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

the *National Guaranteed Minimum Wage (Salaire National Minimum Garanti)*, while the rarity of adjustments before this period generated substantial fluctuations in the real value of the minimum wage. In Ghana, the absence of minimum wage revisions between 1974 and 1977 also appears to have produced a persistent downward shift in the real minimum wage. By contrast, in Tunisia, the absence of hyperinflation combined with relatively regular, although decreasing, adjustment procedures contributed to a much more stable trajectory of minimum wage levels over time.

3.2.3 Differentiated Rates: Harder or Easier to Steer ?

Minimum wage policies are therefore dynamic policy instruments that require regular adjustments in order to maintain a stable degree of labor market regulation over time. The volatility of minimum wage-to-income ratios highlights the historical difficulty states have faced in preserving a constant relative value of the minimum wage. Do differentiated minimum wage systems facilitate this adjustment process? On the one hand, differentiated rates may allow minimum wages to adapt more closely to local economic conditions or sector-specific constraints. On the other hand, they may require more complex and institutionally developed wage-setting mechanisms. Beyond

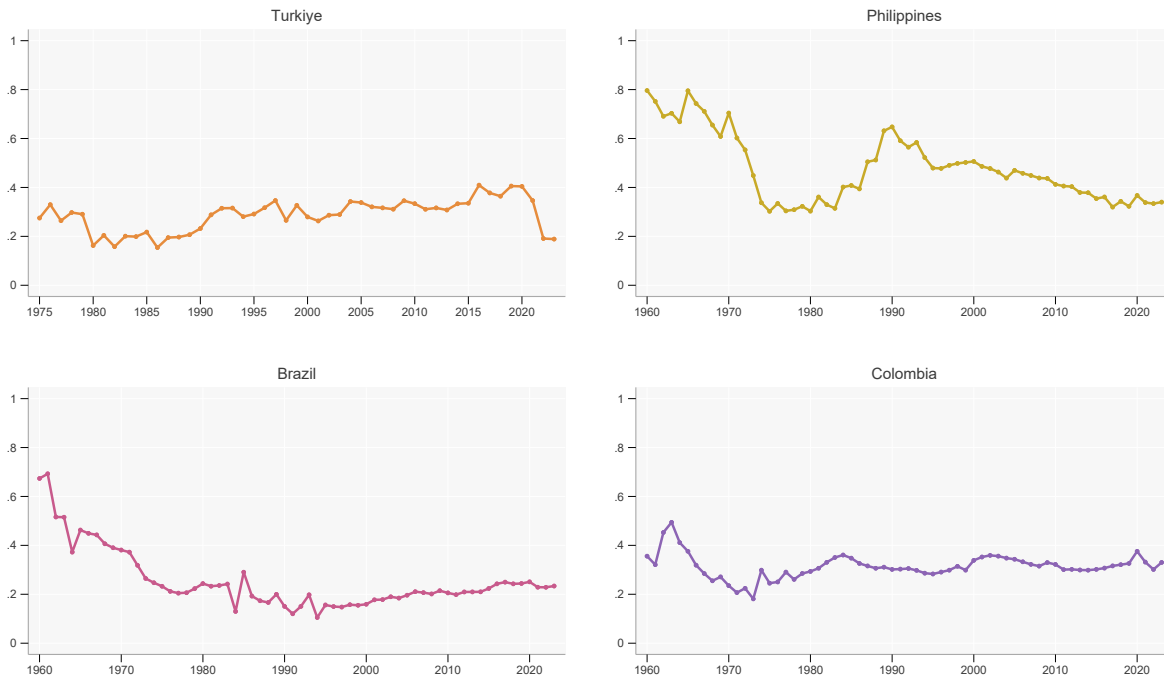


Figure 28. Historical Evolution of the Minimum Wage-to-GDP per Adult in Selected Countries

Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

differentiation itself, the degree of decentralization may also shape the evolution of minimum wage levels over time.

Indeed, the breadth of the dataset enables a detailed historical analysis of differentiated minimum wage systems in a selected set of countries.

Both Japan and China rely on regionally differentiated minimum wage systems governed by nationally defined rules. In Japan, however, the minimum wage-setting process is coordinated through the *Minimum Wage Council*, a tripartite commission responsible for issuing adjustment recommendations. These relatively institutionalized wage-setting mechanisms contribute to similar long-run dynamics in both countries. Indeed, despite varying degrees of regional heterogeneity, minimum wage rates across regions tend to follow broadly similar real trajectories over time. As shown in Figure 30, regional dispersion in Japan remains comparatively limited relative to China, consistent with lower regional disparities in economic conditions. Despite the absence of automatic indexation mechanisms, minimum wage adjustments in Japan have followed a remarkably smooth path, with all regions exhibiting gradual and persistent upward trends. In China, following the gradual institutionalization of minimum wage regulation during the mid-1990s, minimum wage levels also followed a sustained upward trajectory, particularly pronounced between 2010

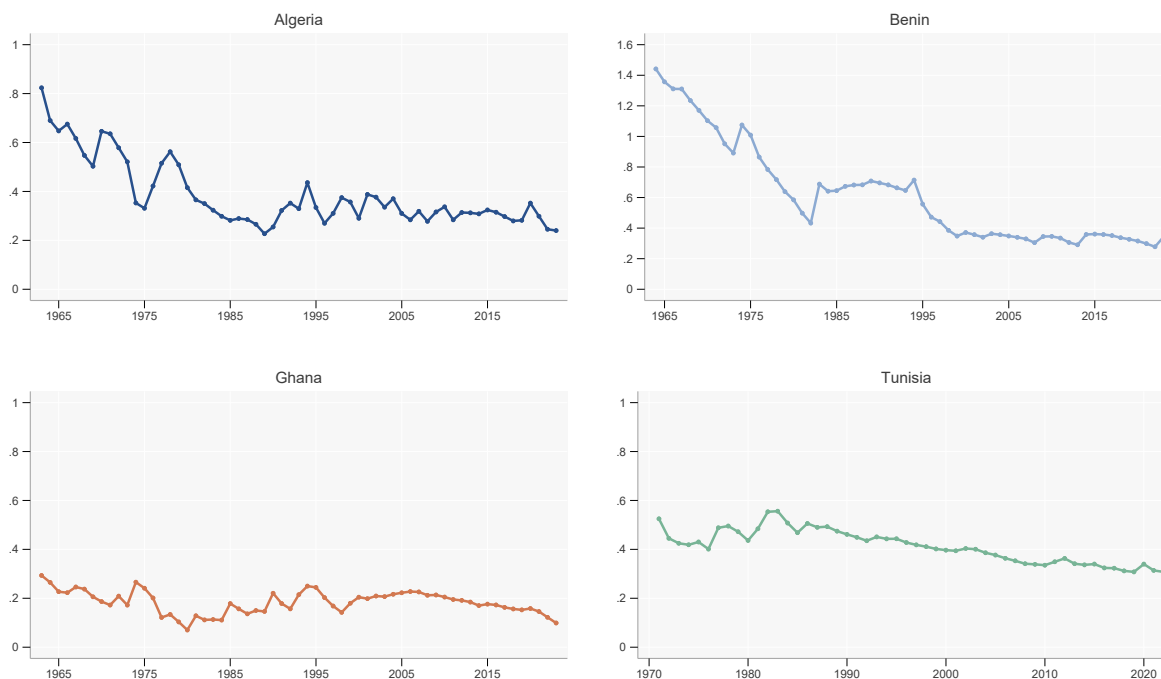


Figure 29. Historical Evolution of the Minimum Wage-to-GDP per Adult in Selected Countries
Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

and 2015. This acceleration was partly associated with the objectives of the 12th Five-Year Plan, which explicitly encouraged faster minimum wage growth.

By contrast, in the Philippines, the complexity of the minimum wage system generates a much more intricate historical evolution of differentiated rates. Figure 32 plots both the distribution of minimum wage rates and the approximate number of rates since 1960. As discussed above, each region determines its own minimum wage schedule and, despite some common institutional patterns, the number and structure of differentiated rates vary substantially across regions. The decentralization reform introduced in 1989 appears to have allowed substantial increases in a large share of minimum wage rates while preserving relatively low wage floors in specific sectors or regions. This greater flexibility in wage setting contributed to a widening dispersion of minimum wage rates following the reform. In addition, the introduction of a specific minimum wage for domestic workers in 2013 coincided with a decline in the lowest minimum wage rates observed within the overall distribution.

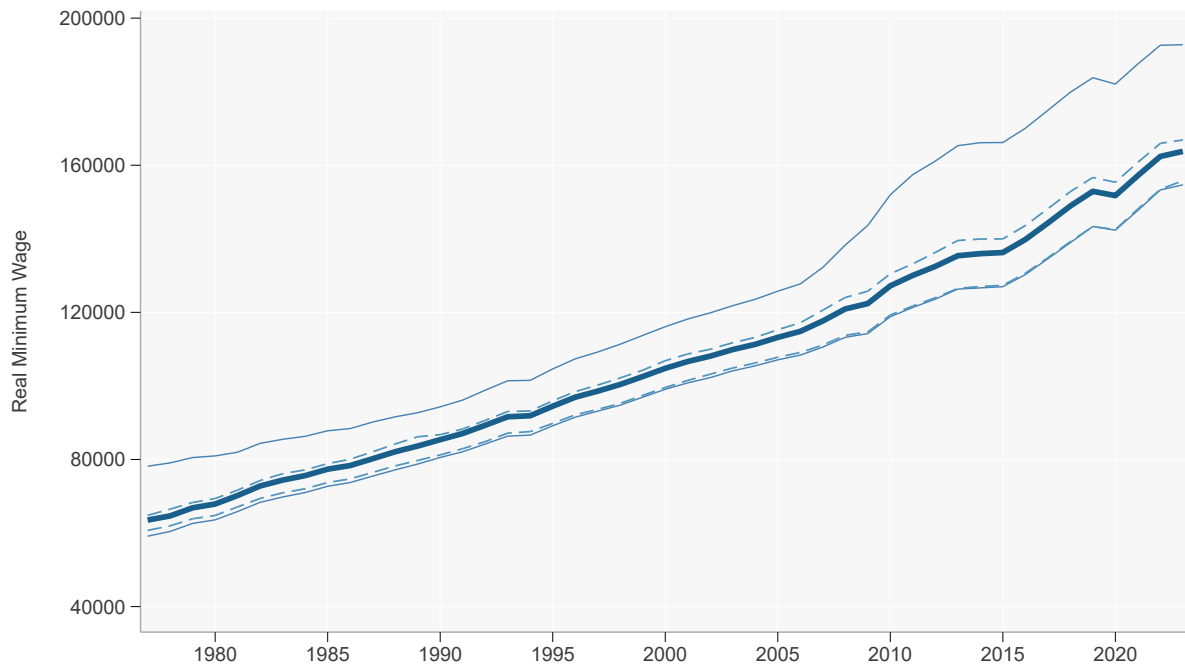


Figure 30. Historical Evolution of the Real Minimum Wage Rates in Japan
Note: Regional minimum wages only. Specific sectoral rates excluded.

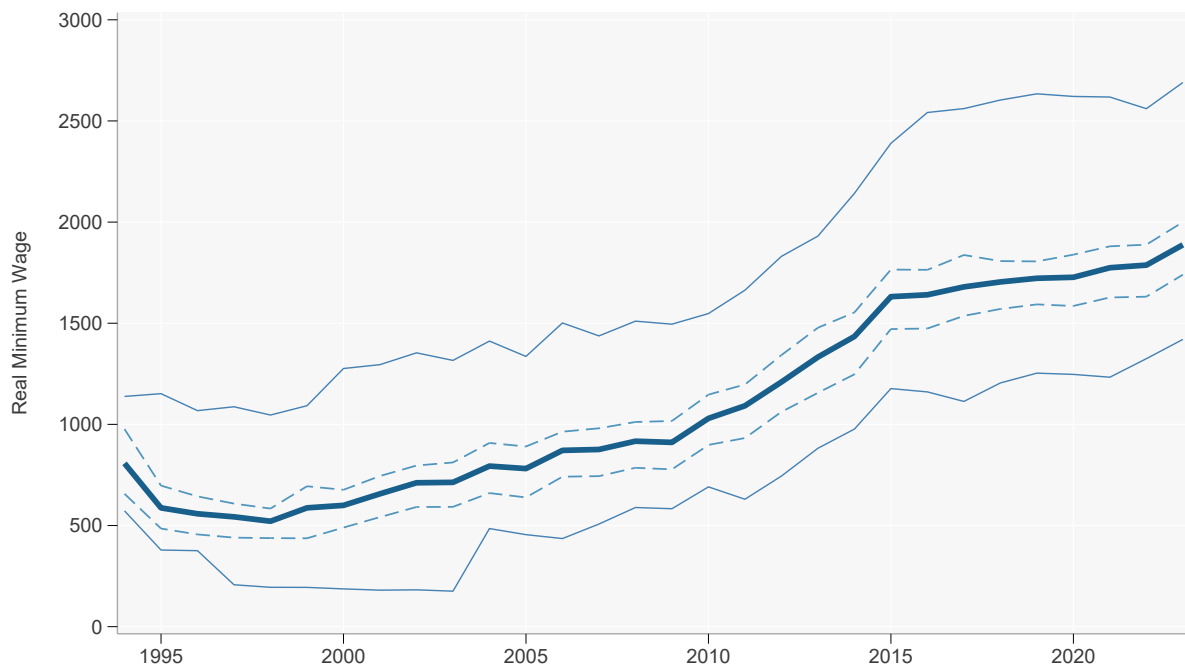


Figure 31. Historical Evolution of the Real Minimum Wage Rates in China

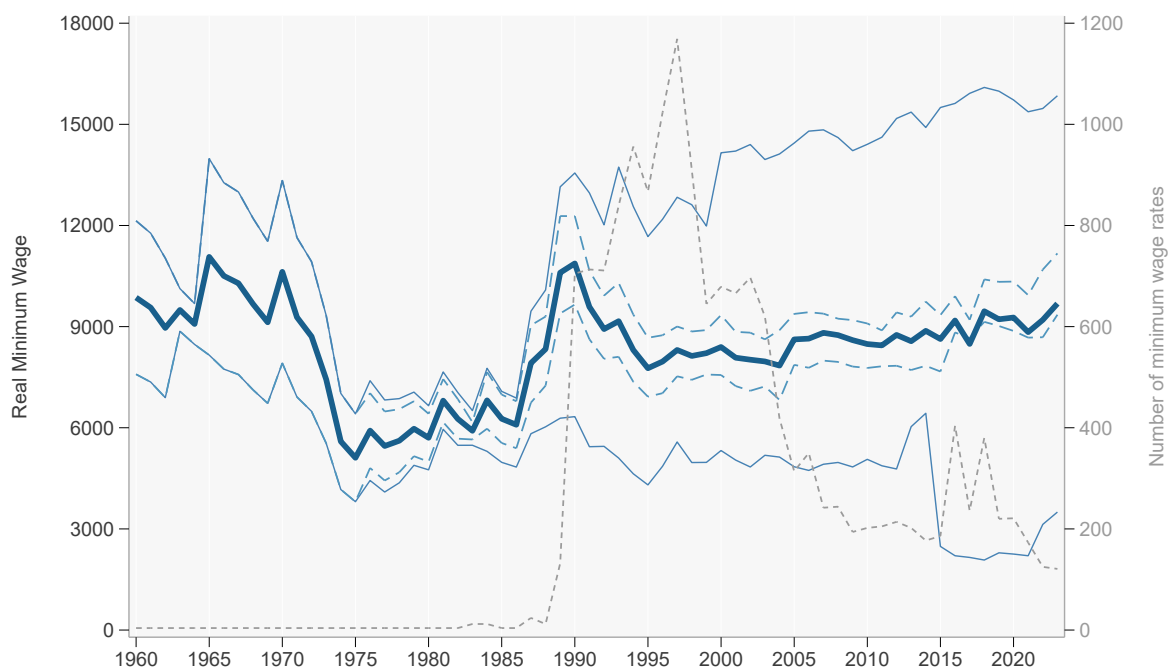


Figure 32. Historical Evolution of the Real Minimum Wage Rates in the Philippines

Concluding Remarks

Overall, the construction of a comprehensive global minimum wage database reveals not only the widespread diffusion of minimum wage policies but also the considerable diversity of the institutions underlying them. This heterogeneity appears in the design of minimum wage systems, the criteria used to differentiate rates, the frequency and regularity of adjustments, and, above all, the levels at which minimum wages are set, even among countries with similar levels of development.

More fundamentally, the historical evidence presented in this paper highlights the intrinsically dynamic nature of minimum wage policies. Maintaining stable regulation of labor incomes over time requires not only explicit policy objectives but also sufficiently developed institutions and relatively stable macroeconomic conditions. In practice, most countries experienced complex and often highly volatile minimum wage trajectories, reflecting the interaction between economic shocks, political choices, and institutional constraints.

However, beyond further consolidating the database — through the integration of additional countries, greater historical depth, and more detailed information on indexation mechanisms and wage-setting authorities — our understanding of the rationales underlying minimum wage policies remains limited. Why do countries adopt minimum wage policies? Under which economic and political conditions do these institutions emerge? To what extent has the design of minimum wage systems been shaped by political economy considerations?

More importantly, such a database also makes it possible to conduct a broader historical and global assessment of the effects of minimum wage policies since their introduction. To what extent do minimum wages reduce inequality and improve labor incomes over the long run? Are minimum wage institutions substitutes for collective bargaining systems, or do they instead complement strong worker organizations and broader forms of labor market regulation? These broader institutional and historical questions provide fertile ground for future research on minimum wages.

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A Appendix

A.1 Additional Figures

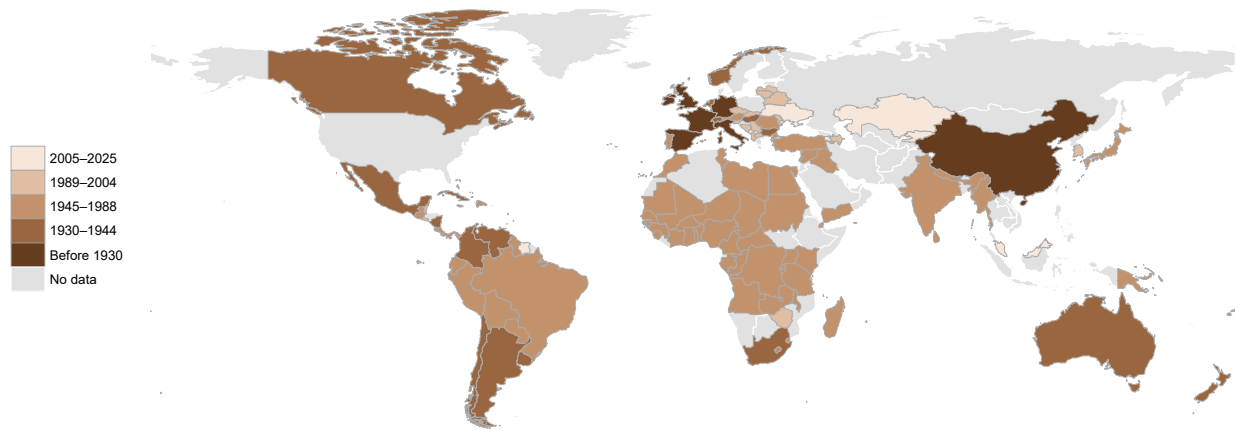


Figure 33. Year of Ratification of ILO Minimum Wage Conventions

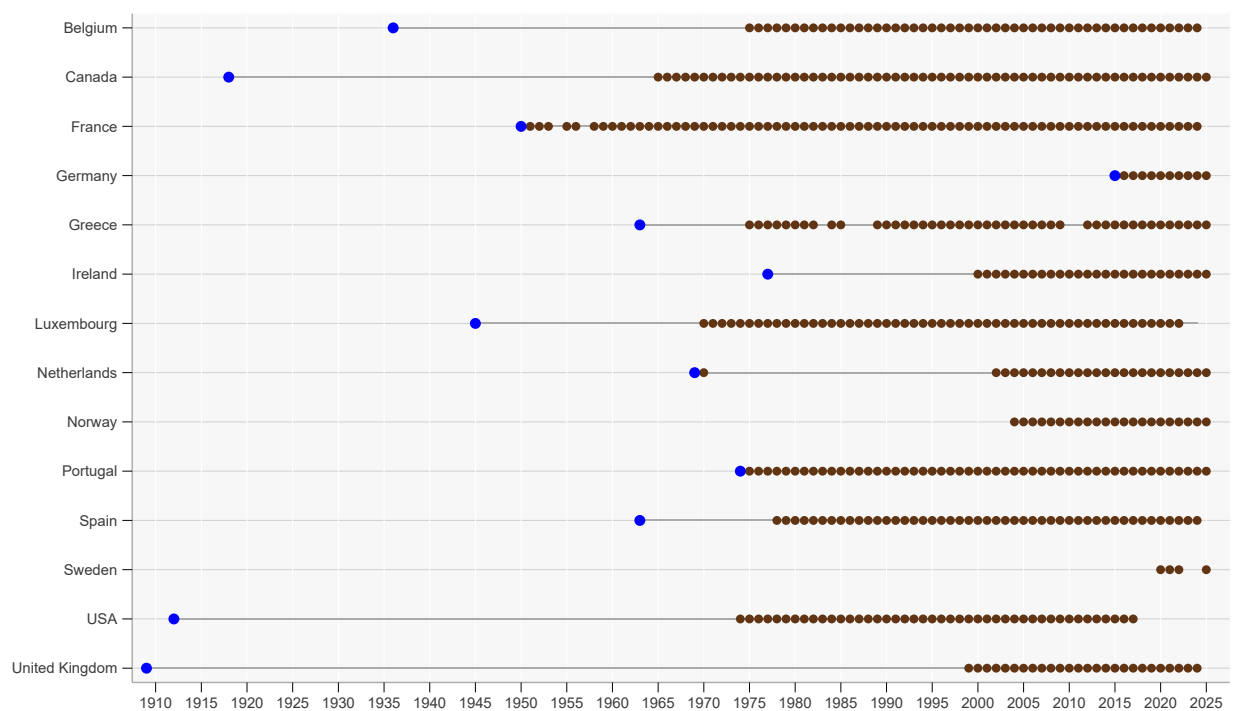


Figure 34. Number of Adjustments Collected in Western Countries

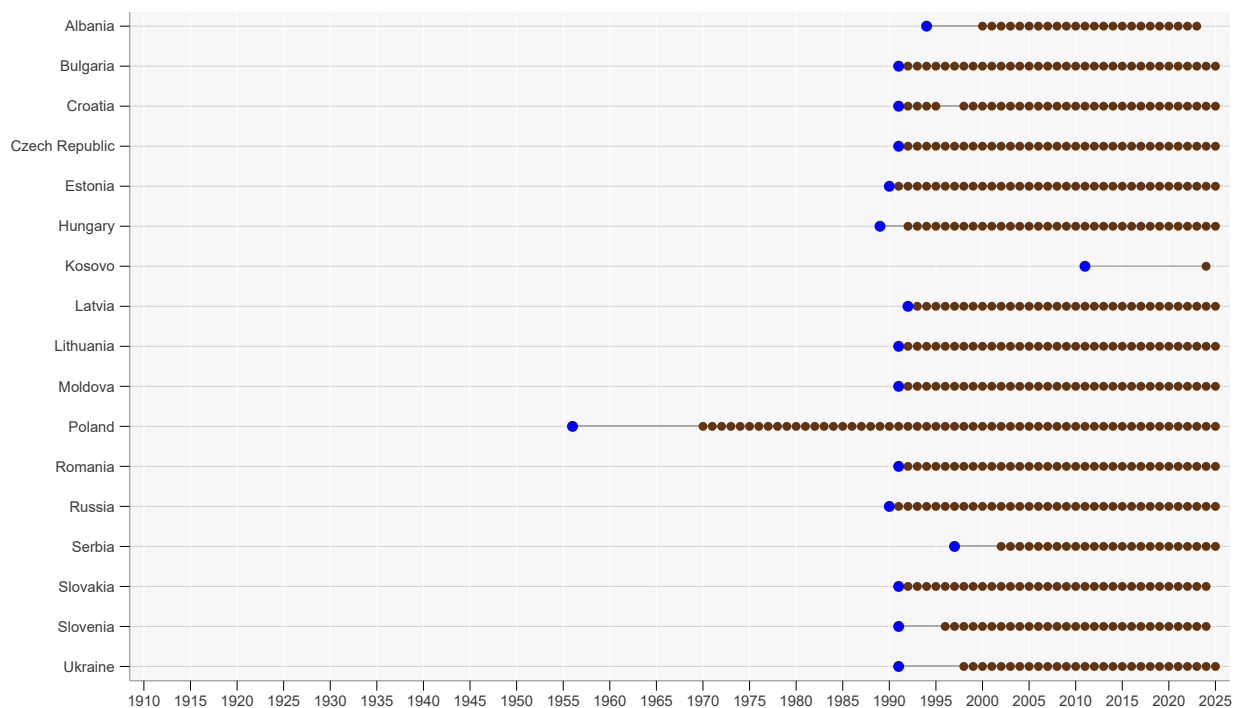


Figure 35. Number of Adjustments Collected in Eastern Europe

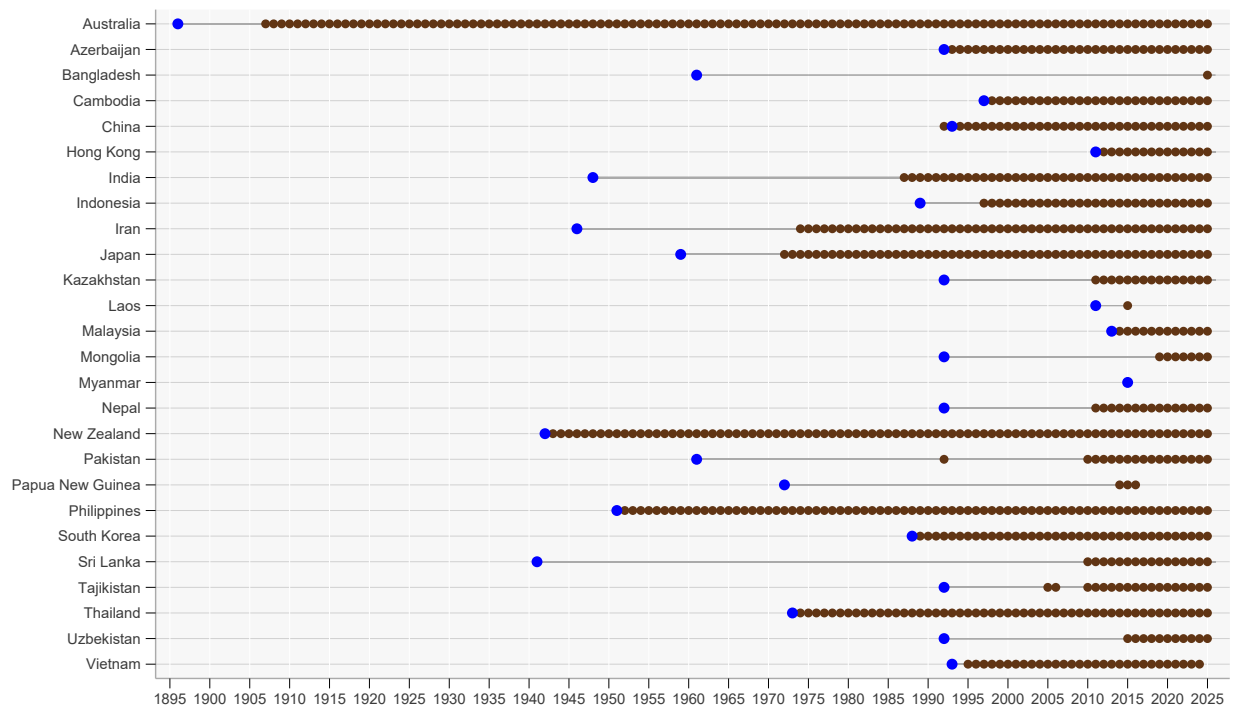


Figure 36. Number of Adjustments Collected in Asia/Oceania

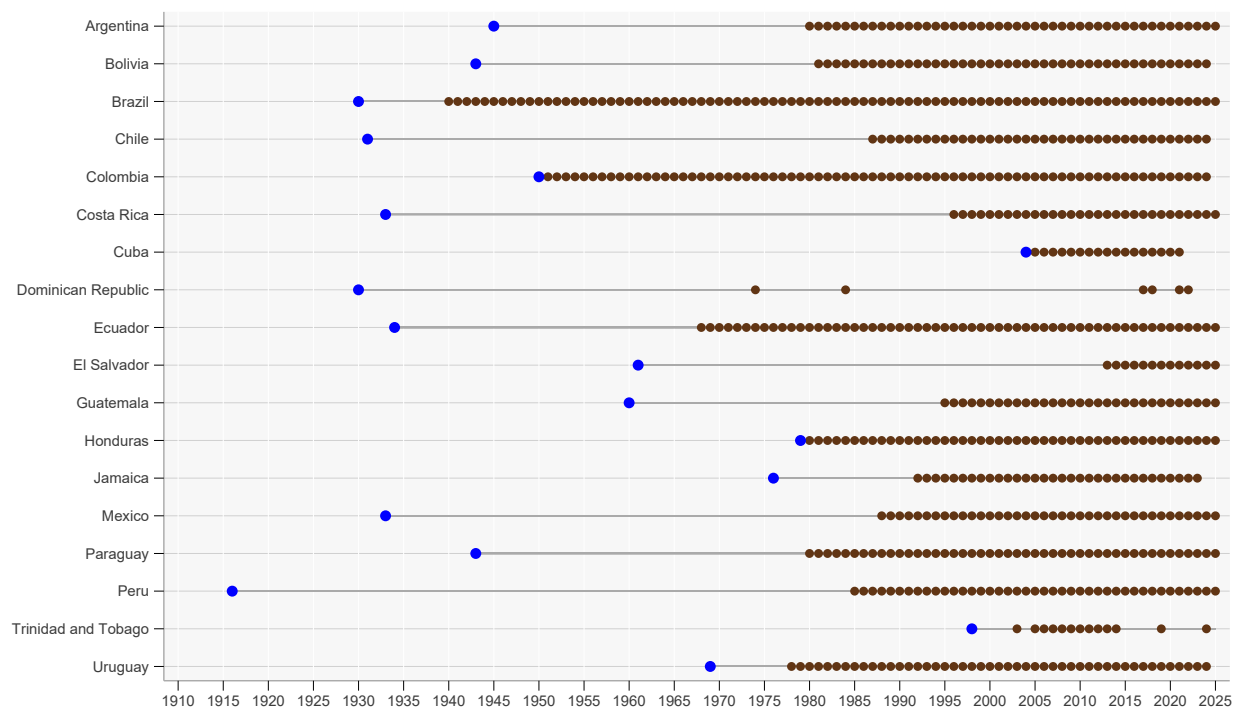


Figure 37. Number of Adjustments Collected in Latin America

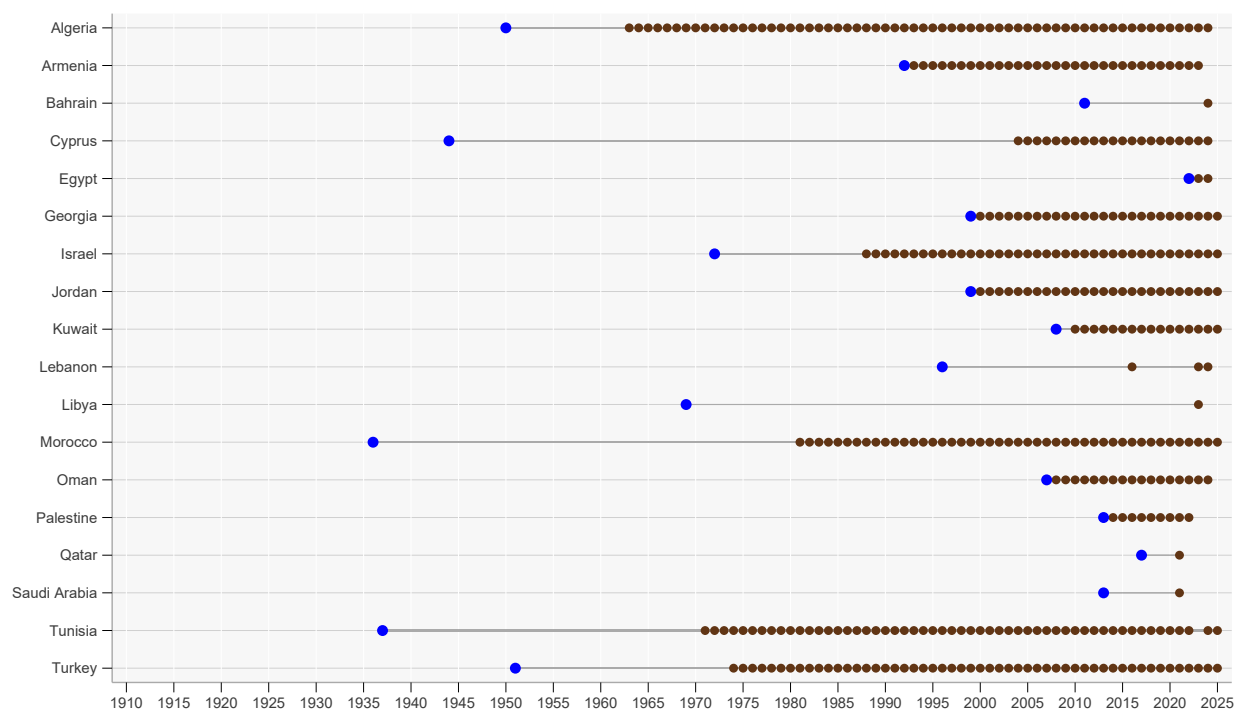


Figure 38. Number of Adjustments Collected in MENA

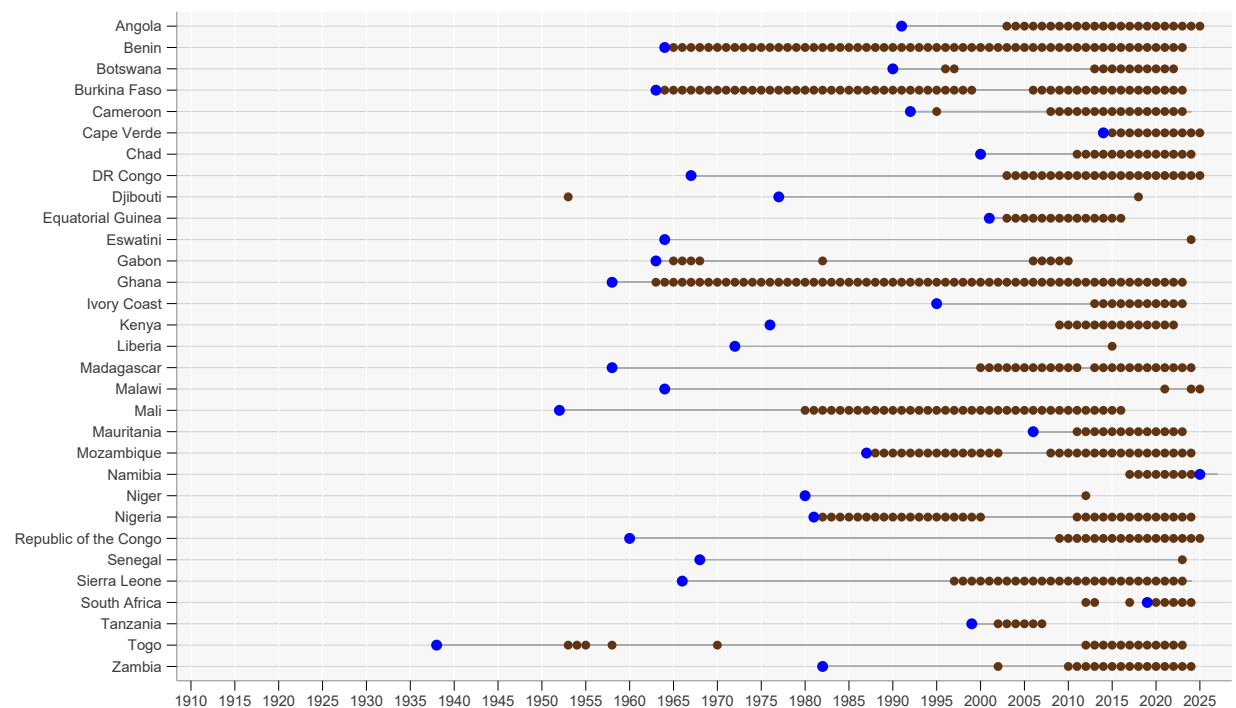


Figure 39. Number of Adjustments Collected in Africa

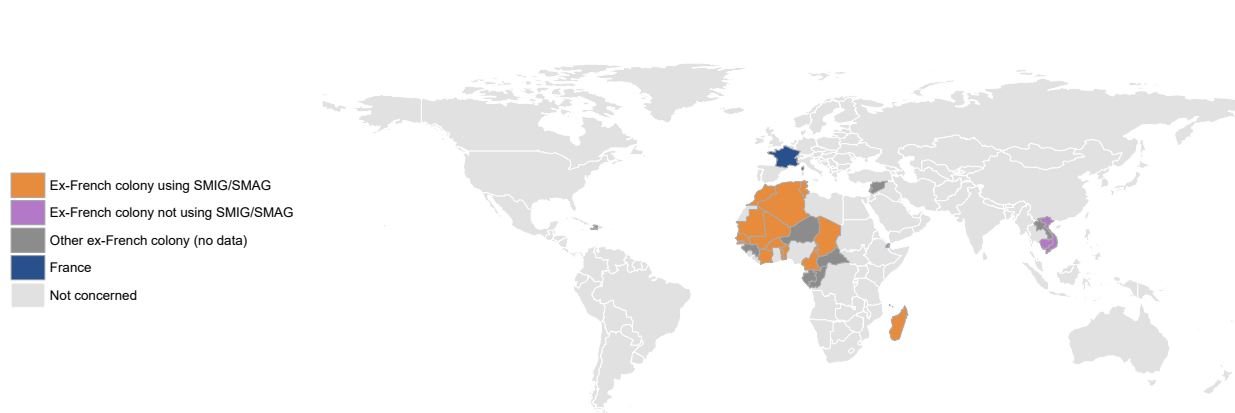


Figure 40. Former French Colonies Using the SMIG/SMAG System
Note: Some countries have abandoned this system as a result of reforms or the gradual phasing out of agricultural-specific minimum wage rates.



Figure 41. The Current and Past Criteria of Differentiation in Europe



Figure 42. The Current and Past Criteria of Differentiation in the Americas



Figure 43. The Current and Past Criteria of Differentiation in Asia

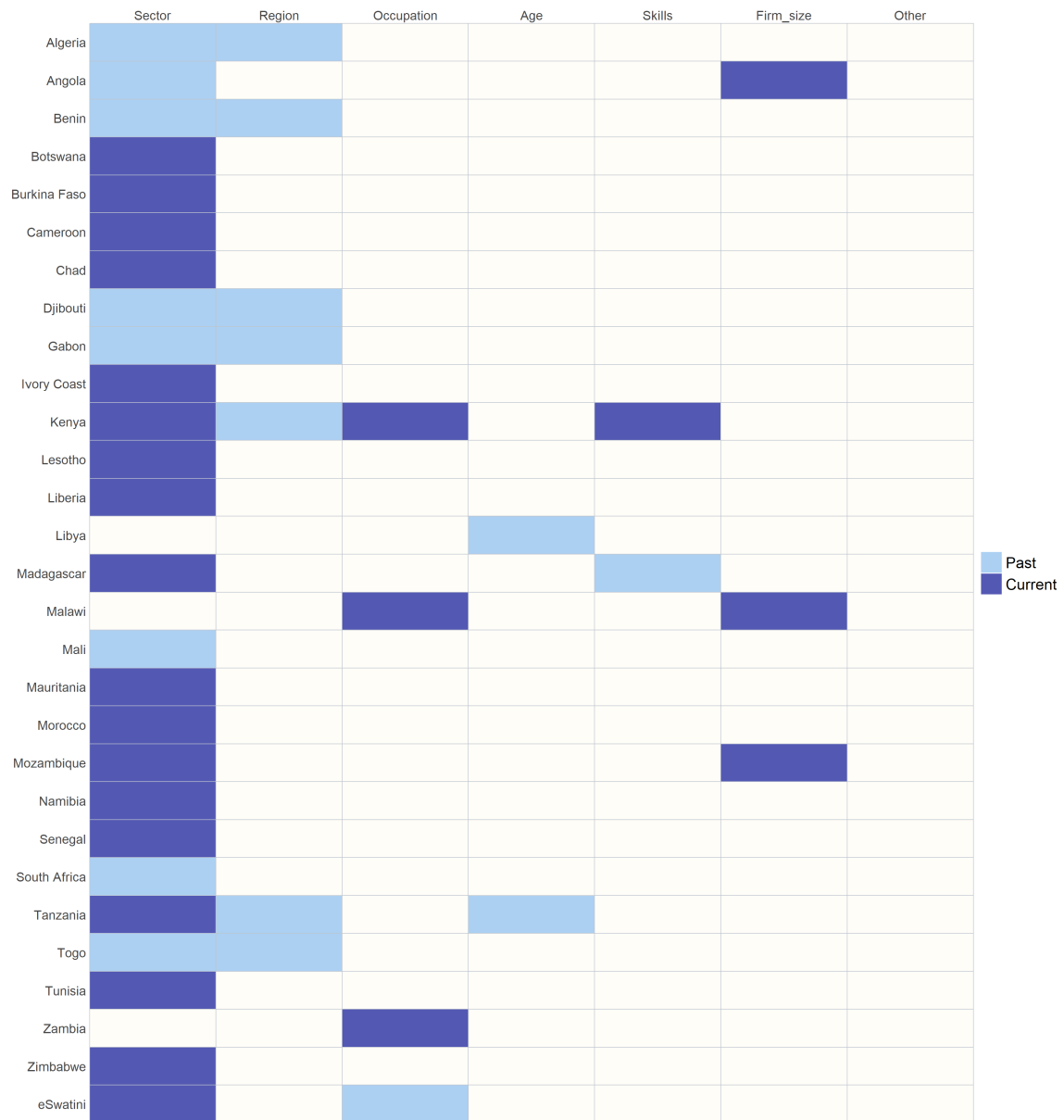


Figure 44. The Current and Past Criteria of Differentiation in Africa

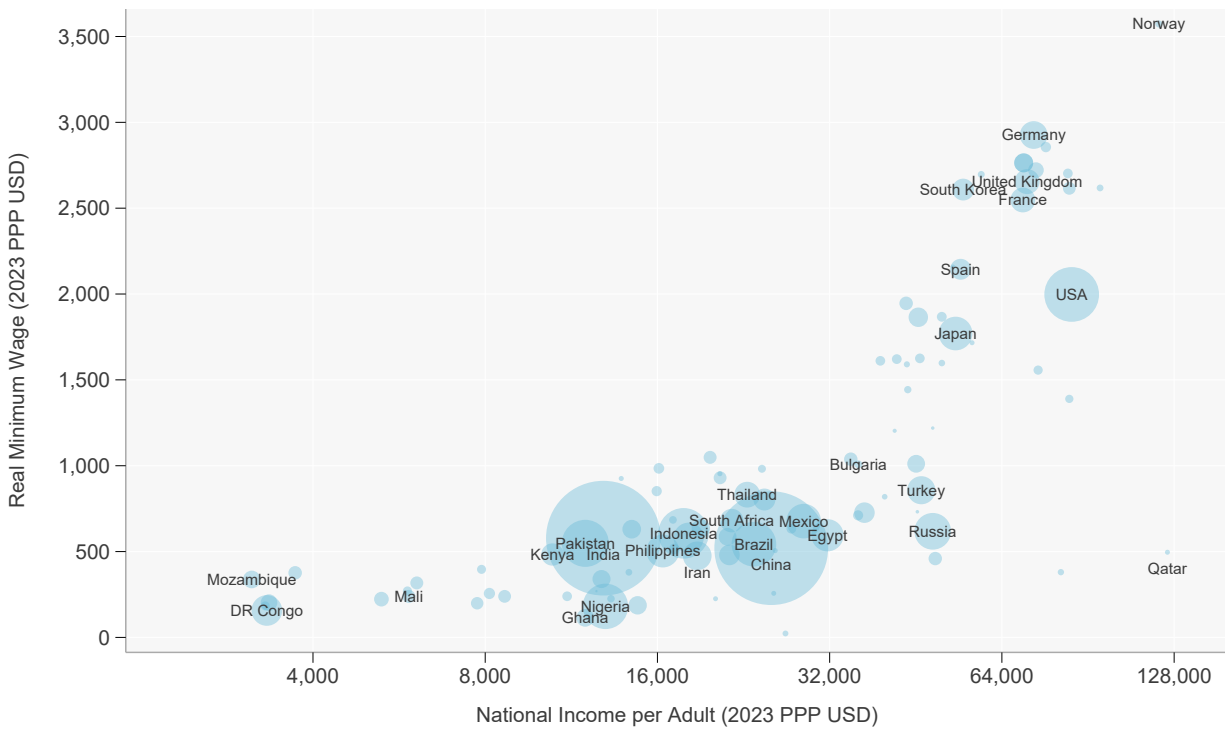


Figure 45. Minimum Wage Absolute Levels in Countries Using a National Minimum Wage



Figure 46. Minimum Wage-to-National Income Ratio across Regions

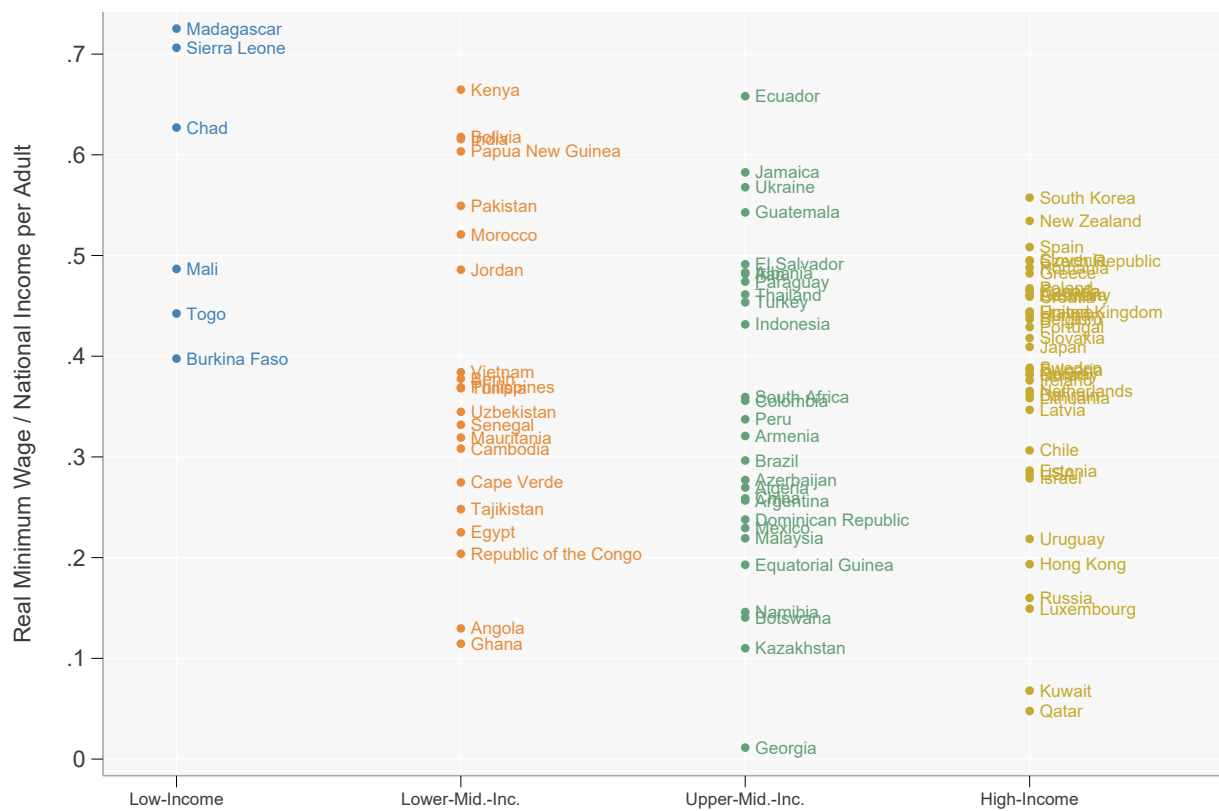


Figure 47. Minimum Wage-to-National Income Ratio across Income Group

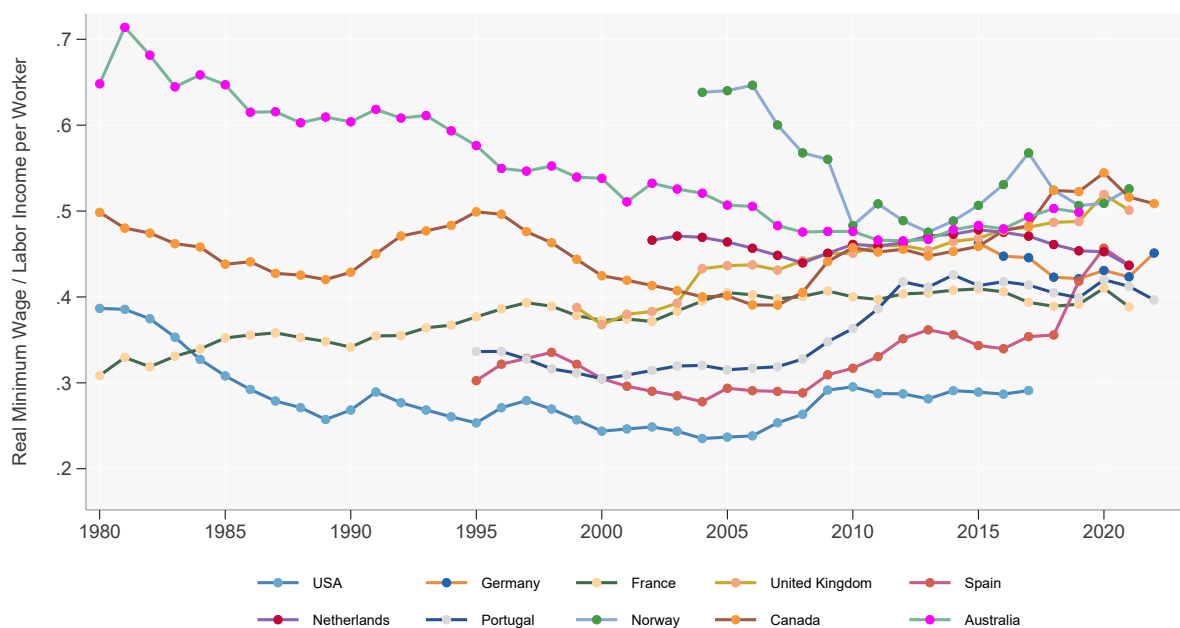


Figure 48. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in Western Countries
Note: USA (state-level minimum wages). The USA and Canada are weighted by regional population. Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

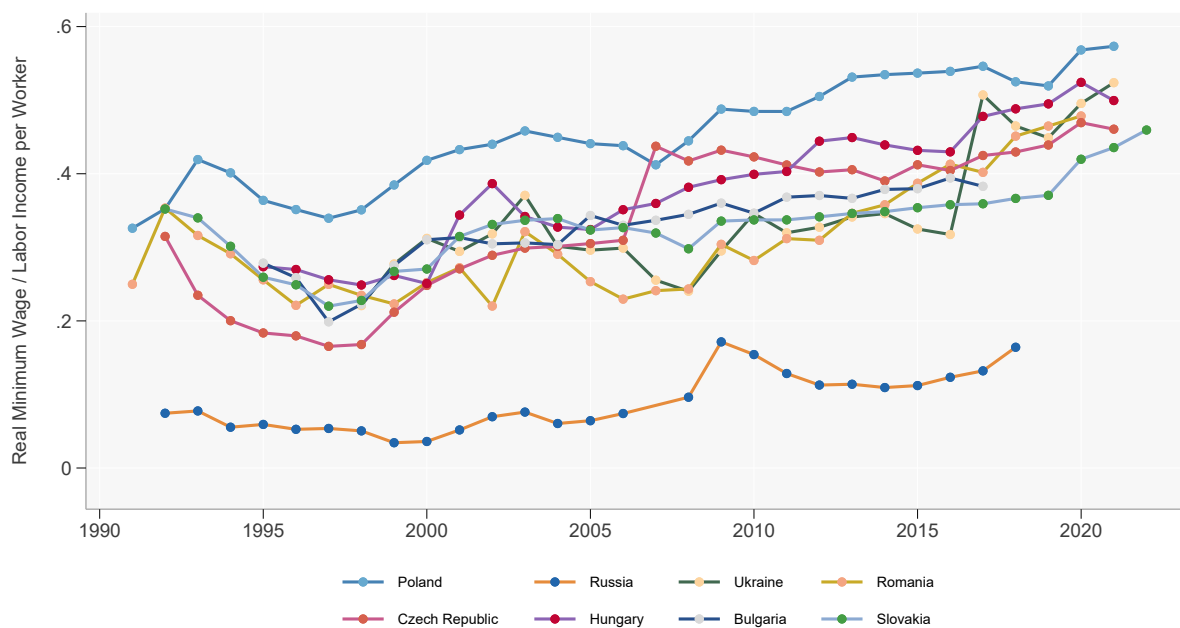


Figure 49. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in Eastern Europe
Note: Romania (national minimum wage); Russia (federal minimum wage); Slovakia (unskilled workers). Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

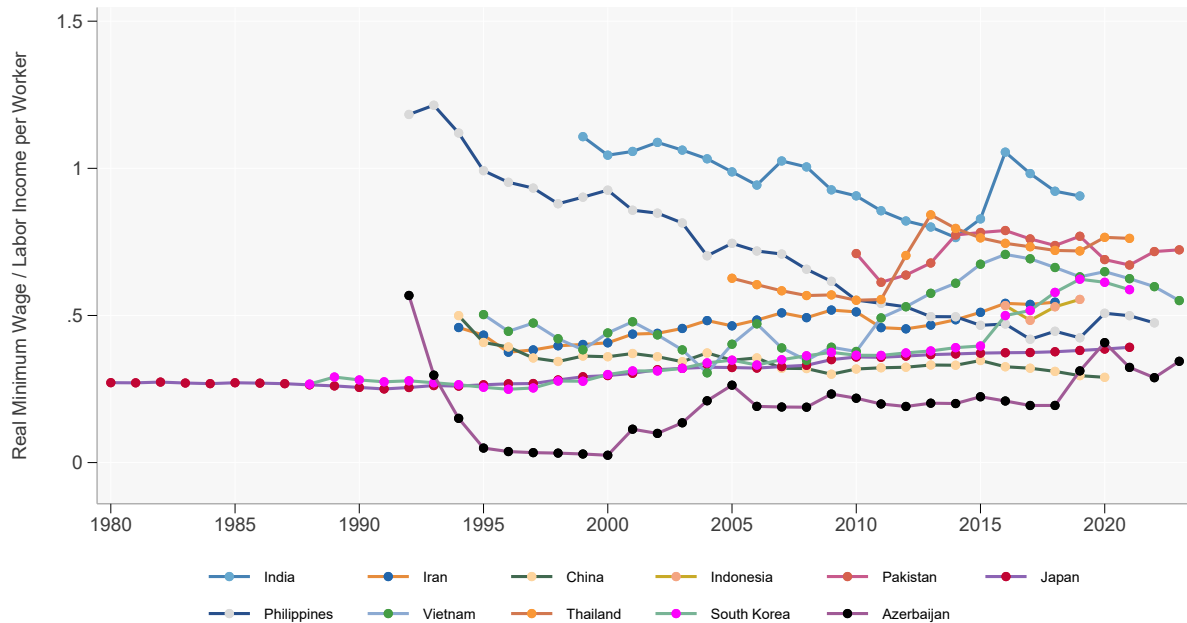


Figure 50. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in Asia
Note: Indonesia (provincial minimum wage only); India (Haryana state, unskilled workers); Japan (regional minimum wage only); Pakistan (incomplete data). China and Pakistan are weighted by regional population. Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

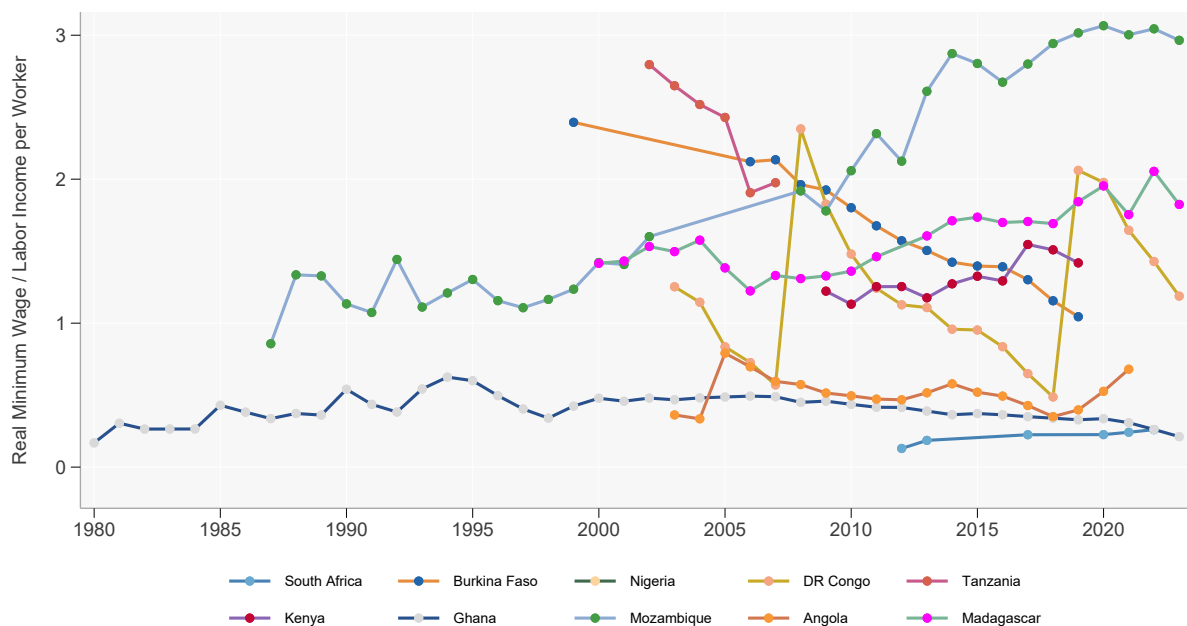


Figure 51. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in Africa
Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

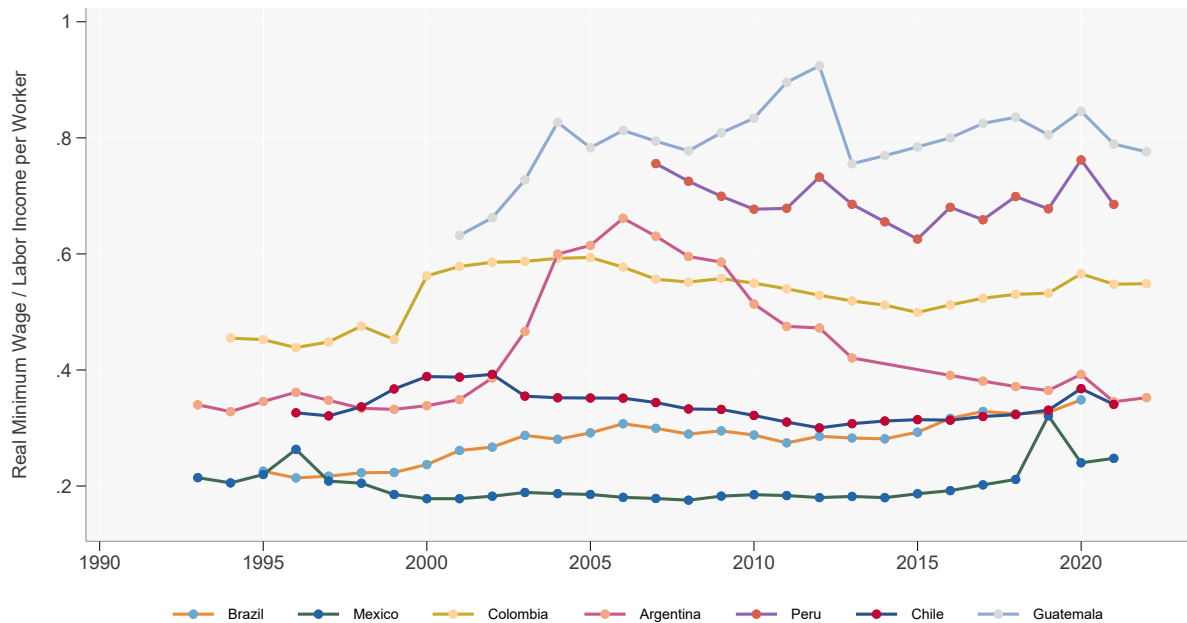


Figure 52. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in Latin America
Note: Uruguay (national floor), USA (state-level minimum wages). Youth and disability-specific rates are excluded.
 Years without points correspond to unavailable minimum wage observations.

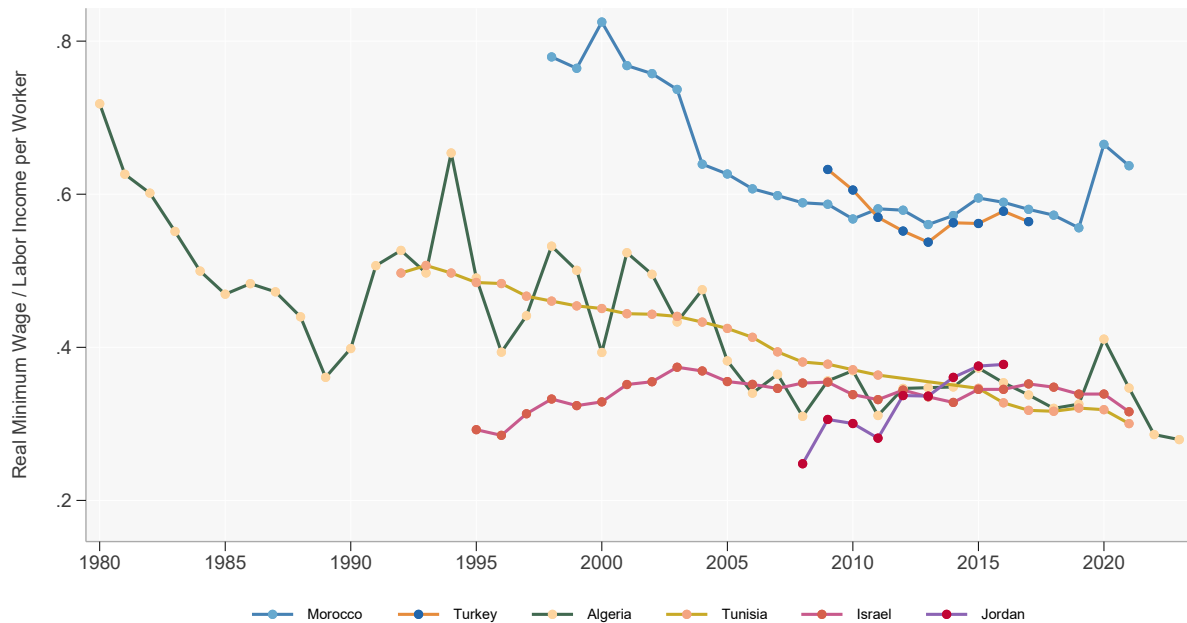


Figure 53. Evolution of the Minimum Wage-to-Labor Income per Worker Ratio in the Middle East and North Africa
Note: Youth and disability-specific rates are excluded. Years without points correspond to unavailable minimum wage observations.

A.2 Additional Tables

Table 6. Minimum Wage Levels and Ratios by Income Groups

Country	Year	PPP Minimum Wage	National Income Ratio	Labor Income Ratio
Burkina Faso	2019	158	0.40	1.47
Chad	2023	317	0.63	2.15
DR Congo	2023	157	0.57	1.88
Madagascar	2023	203	0.73	2.05
Malawi	2021	376	1.21	3.84
Mali	2016	239	0.49	1.68
Mozambique	2023	338	1.30	4.04
Sierra Leone	2022	193	0.71	1.13
Togo	2019	201	0.44	1.59
Angola	2021	162	0.13	1.05
Benin	2023	256	0.38	1.14
Bolivia	2015	811	0.62	1.91
Cambodia	2023	199	0.31	0.70
Cape Verde	2017	263	0.27	0.65
Egypt	2023	595	0.23	0.55
Ghana	2023	114	0.11	0.31
India	2019	602	0.62	1.70
Jordan	2016	690	0.49	1.13
Kenya	2019	554	0.66	1.96
Mauritania	2023	379	0.32	0.96
Morocco	2021	602	0.52	1.53
Pakistan	2023	548	0.55	1.47
Papua New Guinea	2016	396	0.60	1.61
Philippines	2022	478	0.37	0.78
Republic of the Congo	2023	225	0.20	0.60
Senegal	2023	239	0.33	0.99
Tajikistan	2015	143	0.25	0.59
Tunisia	2021	516	0.37	0.74
Uzbekistan	2021	336	0.34	0.94

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Country	Year	PPP Minimum Wage	National Income Ratio	Labor Income Ratio
Vietnam	2023	581	0.38	0.78
Albania	2019	740	0.48	0.63
Algeria	2023	480	0.27	0.62
Argentina	2022	813	0.26	0.60
Armenia	2020	544	0.32	0.73
Azerbaijan	2023	633	0.28	0.60
Botswana	2021	294	0.14	0.31
Brazil	2020	541	0.30	0.60
China	2020	476	0.26	0.42
Colombia	2022	736	0.36	0.97
Dominican Republic	2022	711	0.24	0.53
Ecuador	2020	1,014	0.66	1.45
El Salvador	2019	685	0.49	1.16
Equatorial Guinea	2016	732	0.19	0.52
Georgia	2022	24	0.01	0.03
Guatemala	2022	925	0.54	1.34
Indonesia	2019	598	0.43	0.84
Iran	2018	699	0.48	1.45
Jamaica	2019	689	0.58	1.19
Kazakhstan	2022	431	0.11	0.28
Malaysia	2015	707	0.22	0.53
Mexico	2021	515	0.23	0.42
Namibia	2022	241	0.15	0.30
Paraguay	2021	946	0.47	1.34
Peru	2021	595	0.34	0.99
Serbia	2021	869	0.44	0.81
South Africa	2022	649	0.36	0.70
Thailand	2021	841	0.46	1.12
Turkey	2017	1,421	0.45	1.17
Ukraine	2021	950	0.57	1.01
Australia	2019	2,722	0.46	0.79
Bahrain	2011	1,897	0.36	1.09

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Country	Year	PPP Minimum Wage	National Income Ratio	Labor Income Ratio
Belgium	2021	2,663	0.44	0.72
Bulgaria	2017	910	0.39	0.71
Canada	2022	2,708	0.47	0.82
Chile	2021	884	0.31	0.61
Croatia	2021	1,536	0.46	0.75
Czech Republic	2021	2,037	0.49	0.79
Estonia	2021	1,235	0.29	0.47
France	2021	2,513	0.44	0.75
Germany	2022	2,797	0.46	0.76
Greece	2021	1,591	0.48	1.11
Hong Kong	2021	1,350	0.19	0.38
Hungary	2021	1,457	0.44	0.86
Ireland	2021	2,594	0.38	0.69
Israel	2021	1,611	0.28	0.52
Japan	2021	1,699	0.41	0.64
Kuwait	2017	495	0.07	0.19
Latvia	2021	1,153	0.35	0.54
Lithuania	2021	1,639	0.36	0.64
Luxembourg	2021	3,361	0.15	0.62
Netherlands	2021	2,560	0.37	0.67
New Zealand	2020	2,590	0.53	0.91
Norway	2021	3,736	0.38	0.83
Oman	2023	1,598	0.38	0.81
Poland	2021	1,803	0.47	1.03
Portugal	2022	1,616	0.43	0.72
Qatar	2021	496	0.05	0.08
Romania	2020	1,636	0.49	0.98
Russia	2018	600	0.16	0.31
Slovakia	2022	1,484	0.42	0.80
Slovenia	2021	2,131	0.50	0.75
South Korea	2021	2,444	0.56	0.93
Spain	2021	2,114	0.51	0.87
Sweden	2022	2,703	0.39	0.75

Continued on next page

Country	Year	PPP Minimum Wage	National Income Ratio	Labor Income Ratio
USA	2017	1,998	0.28	0.49
United Kingdom	2021	2,509	0.44	0.82
Uruguay	2017	741	0.22	0.46

Notes: Minimum wages are expressed in 2023 PPP USD. National income ratios correspond to the ratio between the monthly minimum wage and monthly national income per adult. Labor income ratios use labor national income per adult as denominator. Countries are grouped according to income groups.